

The Transatlantic Economy
2009

**Annual Survey of
Jobs, Trade and Investment
between the United States and Europe**

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Preface and Acknowledgements

With this publication the Center for Transatlantic Relations continues its series of studies examining the changing nature of the transatlantic economy in a globalizing world. This year we have included additional analysis of the impact of the global financial crisis and attendant recession on the transatlantic economy. The 2008/09 transatlantic recession, while painful, underscores the major point behind our annual series: the economic linkages between the U.S. and Europe are deep and intricate.

In earlier works we have examined the deep integration of the transatlantic economy through both geographic and sectoral lenses in *Sleeping Giant: Awakening the Transatlantic Services Economy* (2007); *Innovation and Industrial Leadership: Lessons from Pharmaceuticals* (by Fabio Pammolli and Massimo Riccaboni, 2007); *Deep Integration: How Transatlantic Markets are Leading Globalization* (2005); *Partners in Prosperity: the Changing Geography of the Transatlantic Economy* (2004); and *Drifting Apart or Growing Together: The Continuing Primacy of the Transatlantic Economy* (2003). We have also examined the relationship between investment and national security concerns in *Protecting Our Prosperity: Ensuring Both National Security and the Benefits of Foreign Investment in the United States* (2006).

In 2008 we also initiated a new series on globalization, with three publications: *Europe and Globalization: Prospering in the New World Order*; *France and Globalization*; and, most recently, *Germany and Globalization*. In these publications we examine globalization and its effects on Europe as a whole and two of Europe's major economies in particular. We trace the impact of globalization on consumers, workers, companies, and governments, and suggest how Europeans can capitalize on globalization's gains while minimizing its pains.

Each year we also produce an annual survey of the transatlantic economy. This study, **The Transatlantic Economy 2009**, offers the most up to date set of facts and figures describing the deep economic integration binding European nations to America's 50 states, and the impact of the global economic crisis.

We would like to thank Jessica Martin, Ian Gaylets and Gretchen Losee for their assistance in producing this study.

We are grateful for generous support of our annual survey from Daimler AG as well as from the American Chamber of Commerce to the European Union and its member companies Eli Lilly, Hill & Knowlton, and Microsoft. We also would like to welcome as a sponsor the European-American Business Council and its member companies AmGen, Deloitte and Kream.

Daniel S. Hamilton

Joseph P. Quinlan

The Transatlantic Economy 2009

Executive Summary

- After a five-year boom in prosperity, the transatlantic economy has fallen into what could be perhaps its deepest recession since World War II.
- Although the U.S. was the epicenter of the financial crisis, many European banks have exposure to U.S. subprime loans and embraced the risky lending practices of their American counterparts.
- The financial crisis and attendant recession underscore the deep integration of the transatlantic economy. Notions of “decoupling” are mistaken and are likely to lead to serious policy errors. Never before have Europeans and Americans had a greater stake in each other’s economic success. Each has a substantial interest in the other’s ability to weather current difficulties and to emerge in sound shape from the crisis.
- Despite current difficulties, the transatlantic economy remains very strong on a secular and structural basis. We estimate that the transatlantic economy generates \$3.75 trillion in total commercial sales a year and employs up to 14 million workers in mutually “onshored” jobs on both sides of the Atlantic. These workers enjoy high wages and high labor and environmental standards.
- The transatlantic economy remains the foundation of the global economy. Nonetheless, the current economic crisis is having a major effect on transatlantic jobs, trade and investment. This is evident from the most recent data available:

Financial Crisis and Recession in the Transatlantic Economy

- While U.S. foreign affiliate income earned in Europe rose 9% in the first half of 2008 from the same period in 2007, income earned by U.S. affiliates in Europe has peaked. Affiliate income of \$47 billion in the second quarter of 2008 was down roughly 2% from its fourth quarter 2007 peak.
- The U.S. recession has taken its toll on the earnings of European affiliates operating in the United States. Between 2002 and 2007, affiliate earnings rose more than three-fold, surging from \$26.7 billion in 2002 to over \$82 billion in 2007. In 2008, however, affiliate income was basically flat in the first half of 2008.
- Affiliate earnings of German companies in the U.S. in the first half of 2008 fell by 100%, earnings of British and Dutch companies in the U.S. fell by 20% and earnings of French companies fell 14%.
- Profits of European foreign affiliates in the United States fell in 2007 by 10% after hitting a record \$91.2 billion in 2006.

- Foreign direct investment from France to the U.S. plunged nearly 80% in the first half of 2008 and FDI from Germany fell 160% over the same period.
- U.S. capital flows to Europe fell 11% in the first half of 2008.
- EU capital flows to the U.S. increased by 50% in the first nine months of 2008 versus the first nine months of 2007.
- Trends in transatlantic trade were similar to trends in transatlantic investment and foreign affiliate income. U.S. exports to Europe, for example, fell by over 11% in September 2008 from the prior month, one of the sharpest month-to-month declines in years.
- U.S. exports to Ireland in September 2008 dropped 30% from the same period in 2007.

Transatlantic Investment: Driving the Transatlantic Economy

- Current economic difficulties underscore the importance of healthy transatlantic economic ties for millions of U.S. and European workers, consumers and companies. The following data provide a good picture of the pre-recession transatlantic economy and its potential as both sides of the Atlantic now seek to recover from recession.
- From the start of this decade to mid-2008, Europe accounted for over 57% of total U.S. foreign direct investment, on par with Europe's share in the 1990s and 1980s. Over this decade 6 of the top 10 U.S. investment markets have been in Europe.
- The top two global destinations for U.S. investment in this decade are the Netherlands and the UK. The U.S. invests more in either the Netherlands or the UK than in Canada or Mexico.
- U.S. investment in either the Netherlands or the UK in this decade has been greater than total U.S. investment in South and Central America, the Middle East and Africa.
- The Netherlands' share of U.S. investment in Europe has increased from around 15% in the 1990s to nearly 23% this decade.
- U.S. investment in the BRICs totaled \$57.6 billion from 2000 to mid-2008, on par with U.S. investment in Germany and 14% of total U.S. investment in the EU.
- On a historic cost basis, the U.S. investment position in Europe was 16 times larger than in the BRICs and 3 times larger than in all of Asia in 2007.
- U.S. firms invested \$26.4 billion in China between 2000 and mid-2008, less than U.S. investment in Belgium and less than half of U.S. investment in Ireland.

- America's cumulative investment in Brazil this decade (\$12 billion) is roughly half U.S. investment in Spain.
- U.S. investment in Russia this decade (\$9 billion) is 40% of U.S. investment in Italy.
- U.S. investment in India this decade (\$10.4 billion) is half U.S. investment in Sweden and roughly the same as U.S. investment in Poland, the Czech Republic and Hungary.
- Foreign affiliate output in Europe and the U.S. totaled \$933 billion in 2006, about the same as the aggregate output of such nations as Mexico and South Korea.
- Europe accounted for roughly 55% of the \$1 trillion in global aggregate output of U.S. affiliates in 2006.
- The UK accounted for just over 29% of total U.S. affiliate output in Europe in 2006, followed by Germany (16%) and France (9%).
- U.S. affiliates accounted for 22.1% of Irish GDP, 16.6% of British GDP, 6% of Swiss GDP, 5.7% of Belgian GDP, and 3% of Hungarian GDP in 2006.
- U.S. foreign affiliate output in Belgium in 2006 (\$22 billion) was some 21% larger than U.S. foreign affiliate output in China in 2006 (\$18.4 billion) and more than four times larger than U.S. affiliate output in India (\$5.2 billion).
- U.S. companies deliver goods and services to various markets in Europe mainly via affiliate sales rather than exports. U.S. foreign affiliate sales in Europe totaled \$2.1 trillion in 2006, 9 times the value of U.S. goods exports to Europe.
- U.S. foreign affiliates sold more than \$2.1 trillion in Europe in 2006, half the global total and up 7% from 2005. Sales of U.S. affiliates in Europe were roughly double comparable sales in the Asia/Pacific region.
- U.S. foreign affiliate sales in the United Kingdom totaled \$555 billion in 2006, some 12 times greater than U.S. exports to the UK and more than aggregate U.S. affiliate sales in all of Latin America.
- U.S. foreign affiliate sales in Germany totaled \$286 billion in 2006, about 7 times more than U.S. exports to Germany.
- Total U.S. affiliate sales in China have soared over the past decade, but from a low base. U.S. affiliate sales of \$112 billion in China in 2006 were on par with sales in Belgium (\$106 billion) and far below those in Germany (\$327 billion) or France (\$198 billion).
- Sales of services by U.S. affiliates in the EU in 2006 rose to a record \$458 billion, more than double U.S. services exports to the EU in that year.

- Europe accounts for just over half of total U.S. services sales around the world.
- Europe accounted for over half of total U.S. global affiliate earnings in 2007 and the first half of 2008. U.S. affiliate income from Europe was nearly three times as large as from Latin America and more than double earnings from Asia in 2007.
- The Netherlands and the UK rank as the most important markets in the world for corporate America with it comes to global earnings. The Netherlands represented roughly 13% and the UK 9.6% of total affiliate income over the 2000-08 period. Ireland ranked third in the EU, accounting for 6.2% of global affiliate earnings. China, in comparison, accounted for just 1.7% of U.S. affiliate earnings in the decade to mid-2008.
- Europe accounted for 62% of total foreign assets of corporate America.
- U.S. assets in the UK totaled \$2.8 trillion in 2006, roughly a quarter of the global total and more than total U.S. assets in Asia, South America, Africa and the Middle East.
- U.S. assets in the Netherlands (\$996 billion) were the second largest in the world in 2006. More than half of U.S. affiliate sales in the Netherlands are for export within the EU.
- America's asset base in Germany (\$504 billion) was nearly double that in South America in 2006.
- The collective U.S. asset base in Poland, Hungary, and the Czech Republic (roughly \$65 billion) was twice the size of corporate America's assets in India in 2006.
- Europe's investment stakes in the U.S. totaled a record \$1.5 trillion in 2007 (historic cost basis), 12% more than 2006 and more than triple the level of a decade earlier.
- Corporate Europe accounted for 71% of total foreign direct investment in the U.S. in 2007 (\$2.1 trillion).
- Majority-owned European affiliates sales in the U.S. (\$1.7 trillion) in 2006 were roughly three times larger than U.S. imports from Europe (\$580 billion).
- German affiliate sales in the United States totaled \$371 billion in 2006, more than four times U.S. imports of goods from Germany the same year.
- Sales of services by European affiliates in the U.S. totaled \$390 billion in 2006, more than double European services exports to the U.S in that year.
- French, German, Dutch and Swiss affiliates sold more services in the U.S. in 2006 than American affiliates sold in France, Germany, the Netherlands and Switzerland.

- The Southeast, Great Lakes and Mid-Atlantic states accounted for nearly 58% of total European investment in 2006.
- Germany was the top foreign investor in 11 U.S. states in 2006, second only to Canada, number one in 15 states. German investment rose 11% in 2006.
- Texas, California and New York accounted for 25% of European investment in the U.S. in 2006 (20% in 2005 and 18.4% in 2004).
- The U.S. was the top recipient of extra-EU FDI flows in 2006, the last year of available data. Outflows to the U.S. totaled €72 billion, 28% of the extra-EU total.
- The EU's investment stock in the United States rose by over 21% between 2002 and 2006, with the U.S. accounting for roughly 35% of extra-EU FDI stock abroad.
- EU investment in the U.S. in 2006 was 12 times the level of EU investment in China and more than 28 times the level of EU investment in India.
- EU investment assets in the U.S. totaled €934 billion in 2006; in China, the comparable figure was €33 billion -- roughly 4% of EU investment stock in the U.S.

Transatlantic Trade

- Roughly 59% of U.S. imports from the EU, and 65% of U.S. imports from Germany, in 2007 consisted of related-party trade, or trade between company operations on each side of the Atlantic. This underscores how investment drives transatlantic trade.
- Roughly 30% of U.S. exports to Europe, and 43% of U.S. exports to the Netherlands, in 2007 consisted of related-party trade.
- U.S. exports to Europe grew by more than 15% in 2007 and more than 16% in 2006.
- 28 U.S. states posted double-digit export growth to Europe in 2007.
- The UK was the top European export market for 17 U.S. states and Germany was the top European export market for 16 U.S. states in 2007.
- 5 of the top 10 export markets for U.S. services in 2007 were in Europe. U.S. services exports to the European Union more than doubled between 1997 and 2007, rising from around \$75 billion to nearly \$180 billion in 2007.
- U.S. services imports from Europe expanded at even faster pace than exports over the last decade, climbing from \$62 billion in 1997 to \$154 billion in 2007. Europe accounts for 5 of the top 10 services providers to the U.S.

- The European Union accounted for just over 37% total U.S. services exports and for 39% of total U.S. services imports in 2007.
- While the U.S. recorded a \$130 billion deficit in goods exports with Europe in 2007, nearly 31% of the deficit was offset by America's \$40.5 billion surplus in services.

Transatlantic Jobs

- Europe is by far the most important source of “onshored” jobs in America, and the U.S. is by far the most important source of “onshored” jobs in Europe.
- Of the 9.5 million people employed outside the U.S. by majority-owned U.S. companies in 2006, roughly 43% were located in Europe. The bulk of these workers were based in the UK, Germany and France.
- U.S. affiliates employed just as many manufacturing workers in Europe (1.9 million) in 2006 as they did in 1990. However, U.S. manufacturing employment in Europe has shifted towards lower-cost locations. Between 1990 and 2006, for instance, U.S. affiliate manufacturing employment fell in the UK (-20%) and Germany (-7%) and soared in Ireland (+37%) and Spain (+20%).
- Nonetheless, the manufacturing workforce of U.S. affiliates in Germany alone totaled 367,000 workers in 2006, equivalent to the number of manufactured workers employed in China by U.S. affiliates.
- Despite stories about European companies moving to cheap labor markets in eastern Europe or Asia, most foreigners working for European companies outside the EU are American. European majority-owned foreign affiliates directly employed roughly 3.6 million U.S. workers in 2006.
- European firms employed roughly two-thirds of the 5.3 million U.S. workers on the payrolls of majority-owned foreign affiliates in 2006. The top five employers in the U.S. were firms from the United Kingdom (908,000), Germany (664,000), France (497,000), the Netherlands (445,000) and Switzerland (416,000).

The Transatlantic Knowledge Economy

- Europe is far and away the most important global R&D destination for U.S. companies. In 2006, U.S. affiliates sunk \$18.6 billion on research and development in Europe, or nearly 65% of total R&D expenditures.
- The UK, Germany, France, and Switzerland accounted for roughly half (47%) of U.S. global spending on R&D in 2006.
- Affiliates of U.S. multinationals are by far the most important source of private sector R&D investment in the EU, accounting for nearly half of all European R&D projects.

- Majority-owned foreign affiliates spent nearly \$34.2 billion on R&D in the U.S. in 2006 -- roughly 13-14% of total R&D spending in the U.S. Most came from Europe.
- British and German-owned affiliates were the top two foreign R&D investors in the U.S. in 2006. British affiliates' R&D in the U.S. of \$6.8 billion accounted for just over 20% of total affiliate R&D in the United States. German affiliates' R&D in the U.S. of \$6.7 billion accounted for just over 19% of total affiliate R&D in the U.S.

Chapter 1
A Year of Living Dangerously:
The Transatlantic Economy and the Global Economic Crisis

“The world economy is entering a major downturn in the face of the most dangerous financial shock in mature financial markets since the 1930s.”

-- International Monetary Fund, October 2008

“We must all hang together or assuredly we shall all hang separately.”

-- Benjamin Franklin, July 1776

Recession in a Deeply Integrated Economy

If there was any doubt about how interconnected the transatlantic economy has become over the past decades, the global economic crisis of 2008-2009—unequivocally “Made in America”—should put those questions to rest. After a five-year boom in prosperity, the transatlantic economy, to the surprise of many, has fallen into what could be perhaps its deepest recession since World War II.

Such are the ties of globalization and the depth of transatlantic integration that a problem in one part of the transatlantic economy quickly translates into a problem in other parts. The deep integration of the transatlantic economy cuts both ways—in good times, it bestows multiple benefits on those nations most open and receptive to unfettered, cross-border flows of capital, goods, ideas and people. In bad times, there is no place to hide.

The global economic crisis was triggered generally by the bursting of the U.S. real estate bubble, and in particular by the deteriorating quality of U.S. subprime mortgages. Subprime loans are housing loans offered to home buyers at below prime rates. This device was invented and offered widely in the United States.

When a series of defaults turned into a major subprime meltdown in the U.S. beginning in the summer of 2007, many believed the problem was strictly a U.S. phenomenon. However, these mortgages had been packaged or securitized, i.e. bundled with credit card debt and other loans into bond-like instruments. They were then given top-rate credit ratings, and sold all over the world to other banks, hedge funds, pension funds, insurance companies -- to all sorts of investors. Many European banks and investors snapped up these mortgage-related instruments, including collateralized debt obligations, credit default swaps and structured investment vehicles (SIVs).

The past decade has witnessed a striking surge in asset-backed securities. The value of asset-backed securities issued in 1996 totaled \$168.4 billion. By 2006, sales of bonds backed by mortgages or other assets exceeded \$1.25 trillion -- a surge in securitization that helped create one of the largest financial bubbles in history.

As long as housing prices continued to rise in the United States, there was nothing amiss about subprime loans. Beginning in late 2006, however, home prices in the U.S. began to fall as the cost of capital rose. In 2007, delinquencies on U.S. subprime and other types of below-prime (Alt-A) mortgages soared, as did home foreclosures. The U.S. residential mortgage market experienced an unprecedented deterioration in credit, which rendered a great number of mortgage-related assets worthless. As a result, any bank that had bought large amounts of high-risk assets, backed by and built off mortgages, was confronted with large and unexpected losses.

Although few subprime loans originated in Europe, European banks were aggressive buyers of U.S. mortgage-related assets. In addition, many European banks were eager lenders to construction firms and households, given low global interest rates and abundant levels of global capital. Ireland, Spain and the United Kingdom each experienced its own housing boom. In 2006, for example, more homes were built in Spain than in Germany, France and the United Kingdom combined. Over the course of 2007 and 2008, each of these booms went bust.

Schadenfreude: Ignoring the Implications of Deep Transatlantic Integration

Despite the deep interlinkages that characterize economic ties between Europe and North America, at the beginning of 2008 the general consensus in Europe was that America's financial problems, triggered by the U.S. subprime meltdown, were just that—America's problems. "It's not logical to talk about a risk of recession in Europe," crowed EU Economic and Monetary Affairs Commissioner Joaquin Almunia in January 2008. "The U.S. economy...has serious problems with fundamentals. We haven't."¹ At that same time, Jean-Claude Juncker, head of the Eurogroup of European finance ministers, declared flatly that Europe had no need to resort to fiscal stimulus packages.

Instead, there was much talk about global decoupling—the ability of Europe and emerging markets to go their merry way despite a weakened United States. Even as economic signs worsened, a sense of immunity pervaded European policy discussions through much of 2008. Such was the level of confidence that the European Central Bank (ECB) opted to raise interest rates during the summer, a signal that economic growth in the eurozone was adequate and that the real worry rested with inflation, not growth.

Although economic storm warnings appeared as the year went on, continental political leaders preferred to point fingers at "le capitalisme sauvage" of the Anglo-Saxons and to indulge in a wild bout of self-satisfied schadenfreude, instead of tackling the crisis head-on and acknowledging the complicit role of many European banks.

The most embarrassing performance was offered by German finance minister Peer Steinbrück, who proclaimed loudly that the financial crisis was an "American problem," the product of American greed and inept and inadequate regulation that would cost the United States its "superpower status." Just three days later, Steinbrück found himself

¹ Quoted in the *International Herald Tribune*, January 22, 2008.

scrambling to orchestrate a multi-billion euro package to save greedy German banks and admitting that Europe itself was "staring into the abyss."

The inconvenient truth – one many European politicians were all too ready to ignore -- is that many EU banks were just as complacent about risk and just as complicit in their speculative excesses as their U.S. counterparts. Some took on even more debt leverage than U.S. banks. Germany's five largest private-sector banks, for instance, had €12.9 billion in losses on securities during the last half of 2007 and the first half of 2008. Many, but not all, of those losses were tied to U.S. investments.²

The poster child for German involvement was Hypo Real Estate, Germany's second largest real estate lender, whose loans exceeded its deposit base by eight times -- a risky level of overreach that forced the government to engineer a €50 billion bailout.³

Hypo was not alone -- other German banks found themselves in trouble because of shaky real estate investments. In summer 2007 IKB Deutsche Industriebank, which was heavily loaded with U.S. subprime securities, was bailed out by its parent company and a German banking association. The crisis has had a substantial impact on some of Germany's *Landesbanken*, or regionally-owned wholesale institutions rooted in some of Germany's key *Länder*, or federal states, that provide central banking functions for smaller savings banks. Sachsen LB, which was deep into the Irish real estate market, was taken over by LBBW, the Landesbank of Baden-Württemberg. And earlier in 2008, a rescue was organized for West LB, a bank that had heavy exposure in the U.S. subprime market.⁴ Bayern LB announced plans to cut 5,600 jobs, or 29% of its work force, and to tap the government's €500 billion rescue fund to shore up its balance sheet roiled by bad investments in the U.S. subprime market. A shakeout of the *Landesbank* structure may be forthcoming.

Germany's banks are not just facing trouble due to the U.S. subprime meltdown, however. Bayern LB, for instance, also had €1.5 billion in credit exposure to Iceland, itself the scene of a spectacular meltdown. By June of 2008 German financial institutions had lent \$21.3 billion to Icelandic borrowers – well over a quarter of all foreign lending in Iceland, and roughly five times as much as Britain, the next-largest creditor country. Iceland owes more to Germany than to its next 10 largest creditors combined.⁵

Excess leverage, the fallout from the collapse of Lehman Brothers, exposure to U.S. mortgage-backed securities—all of these factors inflicted pain on the German financial system and placed Germany, along with many other nations in Europe, squarely in the middle of the global financial crisis.

² Mike Esterl and Charles Forelle, "German Banks Now Face Big Losses From Their Misadventures in Iceland," *Wall Street Journal*, October 24, 2008, p. A8.

³ Nelson D. Schwartz, "U.S. Missteps are Evident, but Europe is Implicated," *New York Times*, October 13, 2008.

⁴ *Washington Post*, October 7, 2008.

⁵ Mike Esterl and Charles Forelle, "German Banks Now Face Big Losses From Their Misadventures in Iceland," *Wall Street Journal*, October 24, 2008, p. A8.

Nor were German banks alone. All told, many banks across Europe were all too willing to embrace the risky lending practices of their American counterparts, bulking up on risky debt instruments, while relying on short-term loans, rather than deposits, to finance their operations.⁶ This, along with lax regulations, a growing appetite for risk, the proliferation and securitization of new investment instrument, and cheap and copious amounts of credit have engulfed Europe in the global credit crisis.

Financial Sector Write-downs & Credit Losses vs. Capital Raised*
(Regional aggregates, \$ billions)

Period	Worldwide		Americas		Europe		Asia	
	Loss	Raised	Loss	Raised	Loss	Raised	Loss	Raised
Prior	(8.3)	0.0	(5.3)	0.0	(2.9)	0.0	0.0	0.0
3Q07	(58.6)	13.9	(43.4)	3.1	(14.6)	10.8	(0.6)	0.0
4Q07	(214.0)	62.4	(124.2)	47.1	(78.0)	15.3	(11.8)	0.0
1Q08	(219.7)	87.8	(129.3)	62.6	(79.3)	21.4	(11.0)	3.8
2Q08	(165.4)	192.9	(108.3)	103.2	(53.2)	76.3	(3.9)	13.4
3Q08	(247.2)	96.8	(190.7)	43.9	(53.8)	44.3	(2.7)	8.6
4Q08	(67.8)	434.3	(67.5)	279.2	(0.4)	137.0	**	18.1
Total	(981.0)	888.0	(668.7)	539.1	(282.3)	305.0	(30.0)	43.9

Sources: Bloomberg; Investment Strategies Group

Data through December 08, 2008

* Includes all banks, brokers, insurers and GSEs; Reflects amounts reported or announced for the respective calendar quarter

** Not yet reported

As the threat of a global financial meltdown became too stark to ignore, the ECB was also forced in October to make an about-face in its policy by cutting interest rates aggressively. Yet the actions came too late (if ever even possible) to stave off recession in Europe. And while monetary authorities across Europe have moved quickly to shore up their respective banking sectors, the damage to the real economy has been done. The eurozone is in deep recession.

The Global Financial Crisis and Its Effect on the Real Economy

Credit makes the world go round—lacking credit, banks don't lend, borrowers don't borrow, companies don't invest, and consumers don't consume. The upshot: economies don't grow. With global credit lines effectively frozen in September 2008, the global and transatlantic economies came to a near standstill.

⁶Ibid.

Previous postwar financial upheavals tended to center in emerging markets. This time the transatlantic economy itself – the foundation of the global economy – is the center of the crisis.

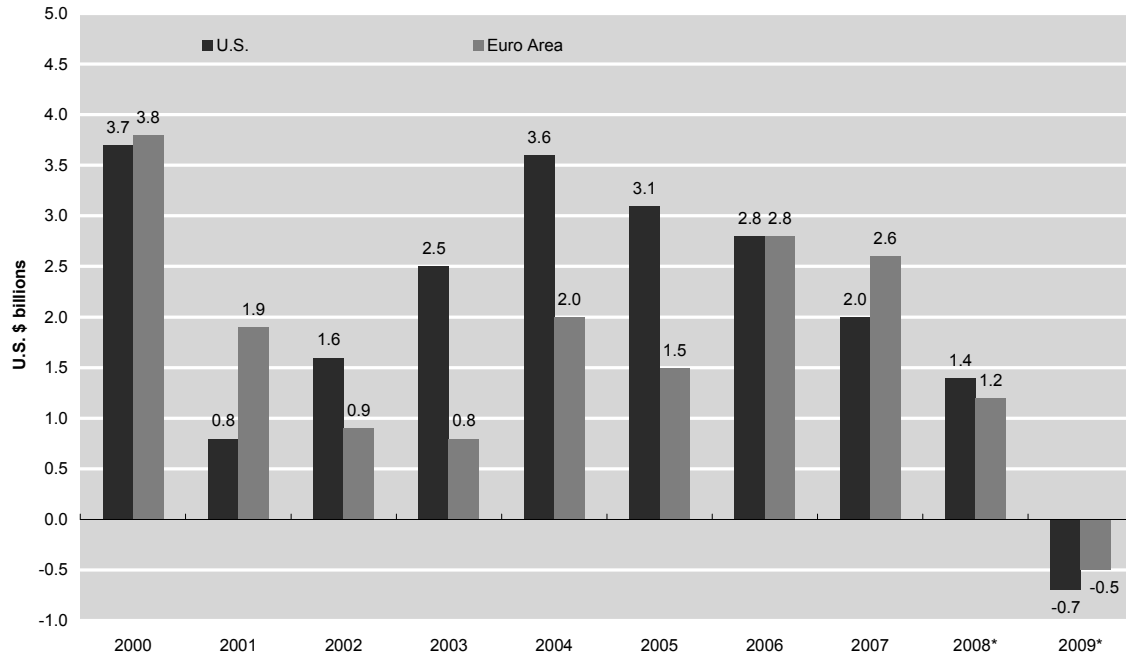
The primary means by which the global financial crisis has affected the transatlantic economy has been through a contraction in net lending to businesses and households on both sides of the Atlantic.

In the United States, consumer spending has decelerated significantly since our last survey, with consumer spending battered by a perfect storm of declining home values, shrinking retirement accounts and rising unemployment. After rising by roughly 3% in 2006 and 2007, private consumption in the United States is likely to have declined by 0.3% in 2008. Moreover, with the unemployment rate expected to exceed 9% in 2009, consumer spending is likely to remain quite weak over the near term; that represents a negative backdrop for U.S. and European firms with a great deal exposure to the U.S. market. Compounding matters, private capital investment in the United States has slowed sharply from levels of a year ago, while U.S. exports, the one pillar of U.S. strength in 2008, are set to expand at a much weaker pace in 2009 than in previous years, thanks to the global recession.

In Europe, meanwhile, the story is similar to the story unfolding in the United States. Tight credit conditions, declining export volumes, battered consumer confidence, plunging capital spending, sinking home values—all of these variables converged in 2008 to push most of Europe into recession. The eurozone's economy posted GDP declines in both the second and third quarters of 2008, with the eurozone slipping into recession around one quarter after the United States. Across Europe, industrial production has declined, retail sales have weakened and export orders have slipped. After hitting a cyclical low of roughly 7.2%, the unemployment rate in the euro area is expected to rise to around 9% in 2009, a trend that will only dampen economic growth over the near-term. In November 2008, the unemployment rate in the eurozone stood at 7.7%, but it was much higher some countries, for instance Belgium (10.5%) and Spain (12.8%).

The upshot from all of the above: the global credit crisis has not only roiled the world financial markets—the financial meltdown has also battered and bruised the real economies (Main Street) of many nations, notably those in the United States and Europe. At the household level, consumers on both sides of the Atlantic are in retreat, with investor confidence undermined by rising unemployment levels, falling home prices, and plunging retirement savings. Not surprisingly, transatlantic business confidence has plunged.

U.S. vs Euro Area
Real GDP, annual percent change

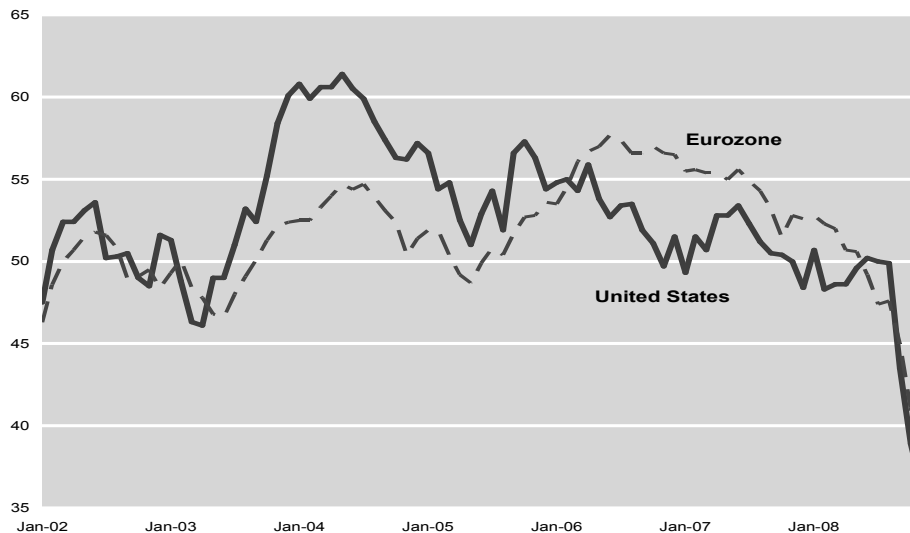


* Estimates
Source: IMF

Consumer spending has not only slumped in the U.S. and Europe but also in such high flying emerging markets as China and India, with slowing demand in the emerging markets notably adverse to American and European exporting firms and undermining Germany's recent rebound in export-led growth. Car sales, for instance, fell 10% in China and by nearly 20% in November 2008 from the same period a year earlier. According to the World Bank, in 2009 developing nations face one of the sharpest slowdowns in growth since the Second World War. The Bank expects the developing nations to expand by only 4.5% in 2009. Excluding China and India, whose own growth rates are set to decelerate, the developing world is forecast to expand by only 2.9% in 2009, a slip in global demand that will reverberate across the U.S. and European industrial landscape.

U.S. and European Factory Activity Plummet

Purchasing managers', indexes, monthly, percent



Source: Bloomberg
Data through: November 30, 2008

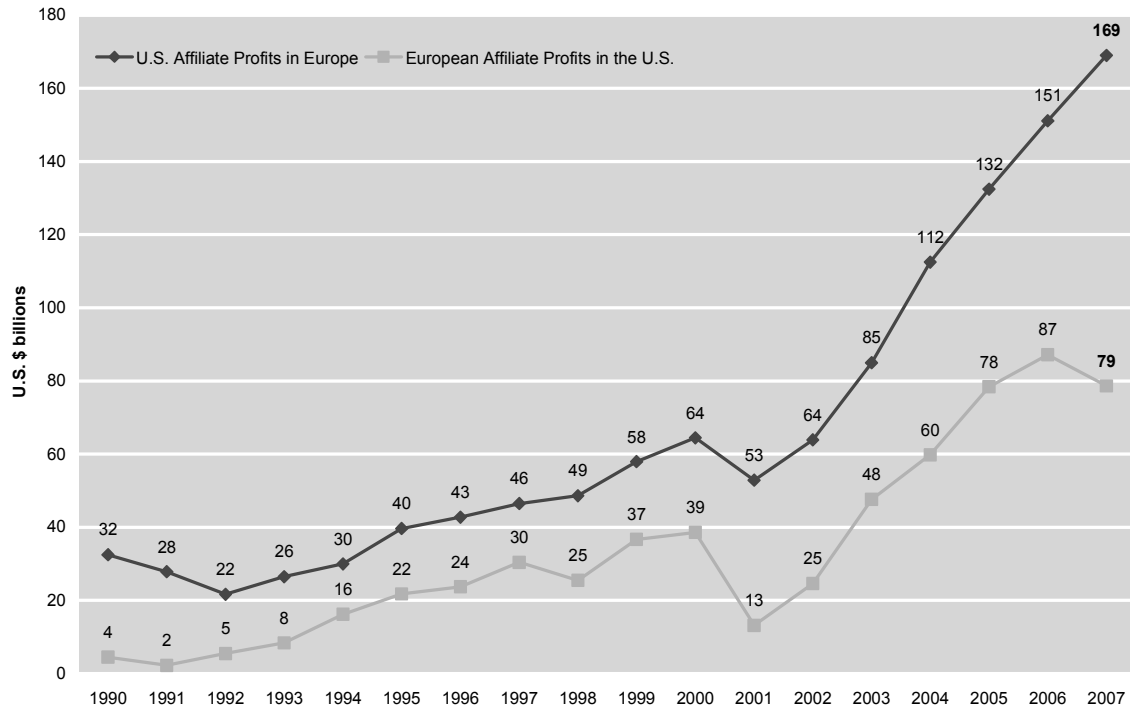
Signs of a transatlantic recession are evident from the following:

While U.S. foreign affiliate income earned in Europe rose 9% in the first half of 2008 from the same period a year ago, income earned by U.S. affiliates in Europe has peaked. To this point, affiliate income of \$47 billion in the second quarter of 2008 was down roughly 2% from its fourth quarter 2007 peak.

U.S. affiliate income earned in the United Kingdom, among the most important markets in Europe for American companies, was basically flat in the first half of 2008 versus the same period in 2007. Meanwhile, affiliate income over the same period declined in Austria, Greece, Portugal, and Turkey. Affiliate income earned in Germany fell by over 5% in the second quarter from the first quarter.

Not surprisingly, the U.S. recession has taken its toll on the earnings of European affiliates operating in the United States. Between 2002 and 2007, affiliate earnings rose more than three-fold, surging from \$26.7 billion in 2002 to over \$82 billion in 2007. In 2008, however, European affiliates saw their U.S. earnings decelerate sharply. Indeed, affiliate income was basically flat in the first half of 2008 from the same period a year earlier. Over the same period, affiliate earnings of German companies in the U.S. were cut in half, while the affiliate earnings of French companies fell 14%. British and Dutch affiliates saw their U.S. earnings slip by roughly 20%, respectively, in the first half of 2008.

A Peak for Transatlantic Profits*?

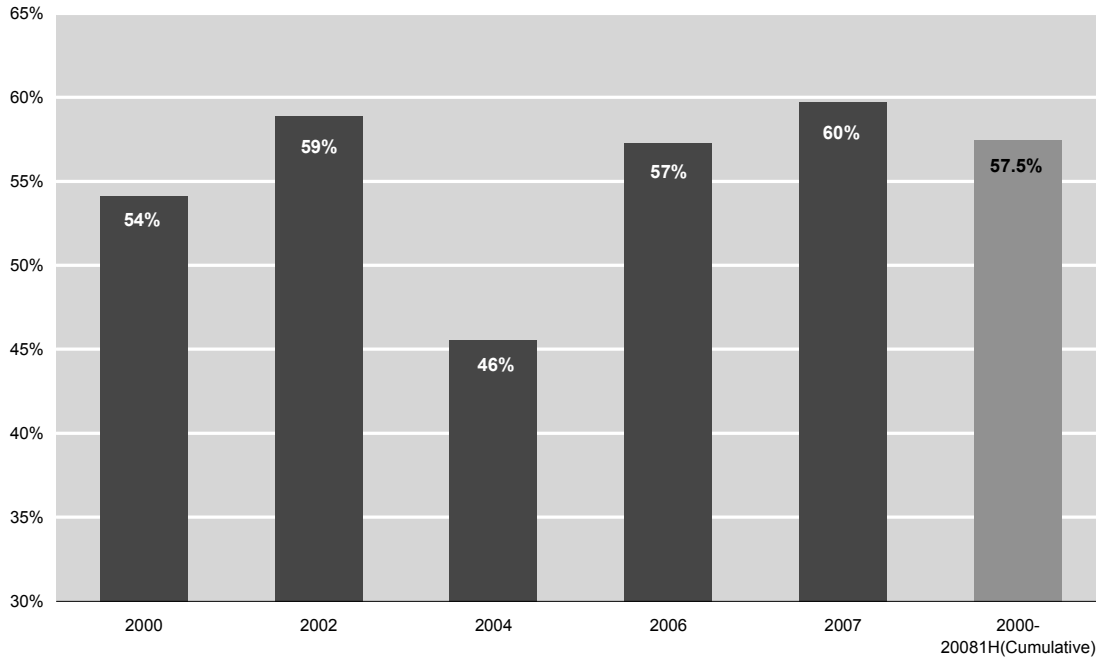


* Income of affiliates
Source: Bureau of Economic Analysis

Because earnings are a significant component of foreign direct investment, it is not surprising to report that as affiliate income declined on both sides of the Atlantic last year, so did transatlantic foreign direct investment flows. For instance, foreign direct investment from France to the U.S. plunged nearly 80% in the first half of last year versus the same period a year earlier. Investment from Germany fell 40% over the same period; the Netherlands and the United Kingdom bucked the general trend, although there is little doubt investment levels declined over the second half of 2008.

U.S. investment flows to Europe also exhibited a decelerating trend in 2008, with U.S. capital flows to Europe declining 11% in the first half of last year. Declines were reported in Germany, the Netherlands, Spain and a handful of other nations.

Corporate America's Bias Towards Europe
(U.S. foreign direct investment (FDI) outflows to Europe as a % of total)



Source: Bureau of Economic Analysis

After hitting a cyclical peak in 2007, transatlantic merger and acquisition (M&A) deals fell rather steeply in 2008. For instance, U.S. M&A deals in the EU15 totaled just \$91 billion in the year to early December 2008, a 55% decline from the prior year. At current levels, U.S. M&A deals in the EU in 2008 will be among the weakest since 2004.

Meanwhile, EU15 M&A deals in the United States also declined in 2008, by roughly 12%. Total deals were valued at \$175 billion in the year to early December 2008, off the peak levels of 2007, when total M&A deals in the U.S. topped \$200 billion. Beyond the drop in deal-making: the rising cost of capital, weaker corporate earnings, and the cyclical downturn in the transatlantic economy. All three variables have converged both to end the five-year boom in transatlantic M&A and to cut EU15 M&A deals within the EU15 roughly in half last year. After hitting a record \$994 billion in 2007, intra-EU M&A totaled just \$583 billion in the year to early December 2008.

Trends in transatlantic trade were similar to trends in transatlantic investment and foreign affiliate income. U.S. exports to Europe, for example, fell by over 11% in September 2008 from the prior month, one of the sharpest month-to-month declines in years. From the same period a year ago, exports were basically flat.

Year-over-year, U.S. exports to Ireland dropped 30% in September 2008 from the same period a year ago. Exports to the United Kingdom fell 5.1%, while shipments to France and Germany slid 0.5% and 2.6%, respectively.

Trends in transatlantic capital flows reflect many of the variables just mentioned. Europe remains a key provider of capital to the United States, although U.S. capital inflows from the European Union (excluding the global money center, the United Kingdom) have tailed off significantly since 2007. Worries over the strength of the U.S. economy, the sub-prime credit crunch, and the U.S. dollar converged in 2008 to produce sharp selling among European investors of U.S. securities. Indeed, U.S. capital inflows from Europe, after being relatively flat in 2007 from the prior year, declined by \$106 billion in the year to the end of September 2008.

As a footnote, capital flow figures do not include capital from the United Kingdom. Since a great deal of capital that flows from the United Kingdom originates elsewhere (Russia, the Middle East), the U.K. figures have been excluded from this analysis. Yet, even after including the U.K., inflows to the U.S. from the EU were down some 52% in the first nine months of 2008 versus the first nine months of 2007.

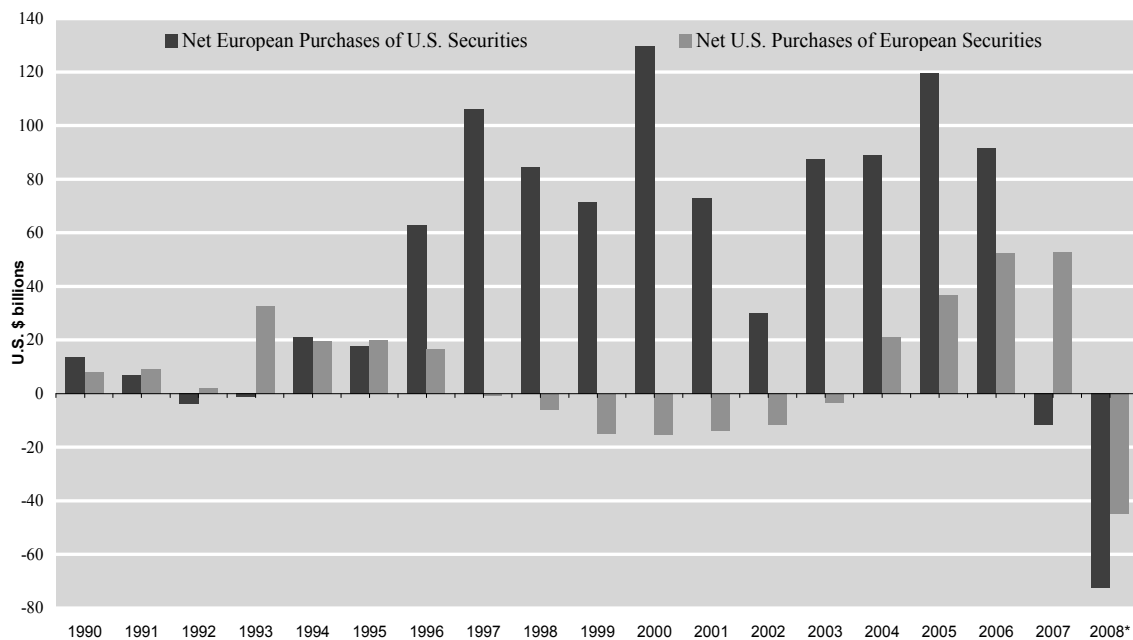
U.S. capital outflows to the EU have also declined over the past year. Indeed, after outflows to the EU soared in 2006 (\$211 billion) and 2007 (\$215 billion), they turned negative in 2008. U.S. investors were net sellers, in other words, selling some \$10 billion of European securities in the first nine months of 2008. Among U.S. investors, the United Kingdom remained a market of choice, with U.S. inflows totaling \$27 billion. Conversely, U.S. investors were net sellers in many other parts of Europe, including France, Germany, the Netherlands, Italy and Spain.

Deep Recession: Challenges and Opportunities for the Transatlantic Economy

The transatlantic recession of 2008/09 will present multiple challenges to both the United States and Europe over the near-term—and how these challenges are confronted and tackled will go a long way in shaping the future of the transatlantic economy.

The unfolding economic downturn will no doubt test the resiliency of the transatlantic partnership, which has weathered many problems in the past. However, the deeper and more prolonged the economic recession of 2009, the greater the risks of inward, insular policies on both sides of the Atlantic as governments are pressed to respond to aggrieved voters. The rate of unemployment in both the U.S. and Europe is poised to spike in the near term, and the higher the jobless rate, the greater the pressure on policy makers to guard against outside forces and pursue policies that may be detrimental to the transatlantic economy. On this last point, U.S. efforts to encourage American firms to invest more at home rather than overseas could result in less foreign direct investment in Europe. By the same token, European policies that aim to protect and shelter so-called “national champions” could damage and halt transatlantic deal-making. While it is encouraging that both the U.S. and Europe have opted for aggressive fiscal and monetary measures to halt the slide in economic activity, this semblance of macroeconomic coordination could be undermined by diverging microeconomic policies that are protectionist and parochial in nature.

Transatlantic Gross Purchases of European/U.S. Securities 1990-2008*



Excludes purchases to or from the United Kingdom
 *Data through September 30, 2008
 Source: U.S. Department of the Treasury

In addition to the challenge to the transatlantic partnership, the recession will also test the internal cohesion of the European Union. This is the first recession since the EU enlargement of 2004, and as the downturn intensifies in 2009, economic strains could emerge among various member states. Tensions have already surfaced between the UK and France on the one hand and Germany on the other as to the nature, pace and scale of an EU-wide fiscal stimulus package. Soaring unemployment in Spain, meanwhile, has increased friction among the nation’s indigenous labor force and immigrant workers. In the credit markets, credit spreads in Greece, Ireland, Italy and Spain have jumped significantly over spreads on German bunds, signaling investor concerns about the underlying economic health of these nations. Meanwhile, the deficit nations of central and eastern Europe—notably Hungary—also confront a year of living dangerously, given soaring risk aversion to emerging markets with large foreign debt obligations. Against this backdrop, a sharp economic downturn in 2009 could very well test the fabric of Europe’s Single Market and single currency.

Finally, and more broadly speaking, the current recession will test and challenge the commitment of both the United States and Europe to globalization, or the process that has resulted in more cross-border trade and foreign direct investment, as well as greater global mobility of people, capital and ideas. As we have highlighted many times before,⁷

⁷ See, for instance, our 2008 publications *Europe and Globalization: Prospering in the New Whirled Order*; *France and Globalization*; and *Germany and Globalization*, all published by the Johns Hopkins University Center for Transatlantic Relations.

both the United States and Europe have been big winners from globalization. A variety of forces—rapid technological diffusion, greater trade opportunities, lower barriers to investment, policy reforms at home—have generated greater flows of goods and services, people, capital and ideas between the U.S., Europe and the rest of the world. On the whole, these forces have fostered large gains for the transatlantic economy, including an expansion in trade, strong inflows and outflows of investment, greater technological innovation, net portfolio inflows, net inflows of labor, downward pressure on inflation and interest rates, more jobs, higher incomes, and in general, higher rates of GDP growth.

On balance, the transatlantic economy has reaped handsome rewards from globalization, but that said, even before the current economic downturn, many important constituents in both the U.S. and Europe had begun to have second thoughts about globalization, unsure and increasingly unconvinced of the benefits of what former EU Trade Commissioner Peter Mandelson has called “the openness boom.” Our concern is that in the year ahead, globalization will become a scapegoat for what ails the transatlantic economy and an excuse for policies that are inimical to a more open and unfettered global trade and investment environment. Our common challenge is to show our citizens and millions around the world that it is possible to reap globalization’s benefits while making its costs bearable to those most directly affected, without succumbing to protectionist temptations.

Beyond the immediate crisis looms an even more fundamental question: does the current recession mark the end of the consumer-friendly model of deepening integration, driven by easy credit and extensive investment links, which characterized the post-Cold War transatlantic economy? The U.S. and European governments have all launched significant fiscal stimulus plans, which are important to limit the extent of the recession. But such plans are unlikely to provide the basis for a new self-sustaining period of transatlantic economic growth unless they are accompanied with more far-reaching, transformational policies that create new platforms of growth.

To paraphrase an old Chinese adage, “a crisis is a terrible thing to waste.” With that as a backdrop, sustaining the primacy of the transatlantic economy requires more than large dollops of fiscal and monetary stimuli. Bolder thinking and action are required. The global financial crisis and related recession, together with a change in both the U.S. Administration and the European Commission in 2009, offer Europeans and Americans both necessity and opportunity to reposition their economies and ultimately the West itself to deal with 21st century economic challenges.

Economic recessions are invitations for change, for new ideas. The present economic climate is ripe for change, and on this score, an ideal time for both the United States and Europe to work jointly on such large scale initiatives as energy security, sustainable economic development and global climate change. Industries in these areas could generate new long-term avenues of growth and prosperity for the transatlantic economy.

Europe and North America are better positioned than most other economies to break the link between the generation of wealth and the consumption of resources. The BRICs are all growing rapidly in a world economy premised on extensive use of oil and gas and

intensive use of resources. That is untenable for a global economy of 6 billion people. Breaking this link is an historic challenge – but also an opportunity to move toward entirely different patterns of consumption and competitiveness. Transatlantic cooperation and innovation could lead the way.

Another source of new, secular growth is the transatlantic services economy, which we believe represents the sleeping giant of the transatlantic partnership. As we have discussed at length elsewhere,⁸ services sector reforms in such industries as capital markets, airlines, health care, telecom services and many others would provide an enormous economic boost to the transatlantic economy and enhance the global competitiveness of both sides of the Atlantic.

In the end, the search for future growth between Europe and the United States should be focused on each other, in addition to satisfying demand from the rising middle classes of the emerging markets. The latter, no doubt, represent a secular growth dynamic for both the U.S. and Europe, although within the transatlantic economy itself, there are plenty of untapped growth streams available, assuming forward-looking, enlightened policies from both parties.

The 2008/09 recession should be seized upon as an opportunity to deepen transatlantic economic linkages. Today, despite all the chatter about the rise of China and others, trend lines and numerous metrics still point to a predominant role for the transatlantic economy. For instance, while U.S. excesses led to the crisis, investors have turned to the U.S. dollar to weather the storm, and the euro has strengthened its position as a second global currency. Second, despite the grim news, there are countervailing trends, such as a collapse in commodity prices such as oil, which should facilitate economic activity. Third, investment, not trade, drives transatlantic commercial ties, and investment flows between Europe and North America dwarf those between any other continents. Despite the current downturn, this is likely to remain the case in future. Finally, even though the credibility of the U.S. and Europe has been damaged, no plausible alternative to global economic leadership is in sight, and the rapidly emerging economies have also been swamped by the global crisis.

The bottom line: the transatlantic economy remains very strong on a secular and structural basis. We estimate that the transatlantic economy continues to generate close to \$3.75 trillion in total commercial sales a year and employs up to 14 million workers in mutually “onshored” jobs on both sides of the Atlantic. These workers enjoy high wages and high labor and environmental standards. In addition, we continue to espouse the view that the transatlantic economy remains at the forefront of globalization—meaning that the commercial ties between the U.S. and Europe are deeper and thicker than between any other two continents. This is evident from this survey, which paints a picture of continuing prosperity for both parties.

⁸ See Daniel S. Hamilton and Joseph P. Quinlan, eds., *Sleeping Giant: Awakening the Transatlantic Services Economy* (Washington, DC: Center for Transatlantic Relations, 2007).

The most recent data, however, point to a transatlantic economy in flux and under a great deal of recessionary strain. 2009 is likely to be a “year of bad news,” in the words of German Chancellor Angela Merkel.

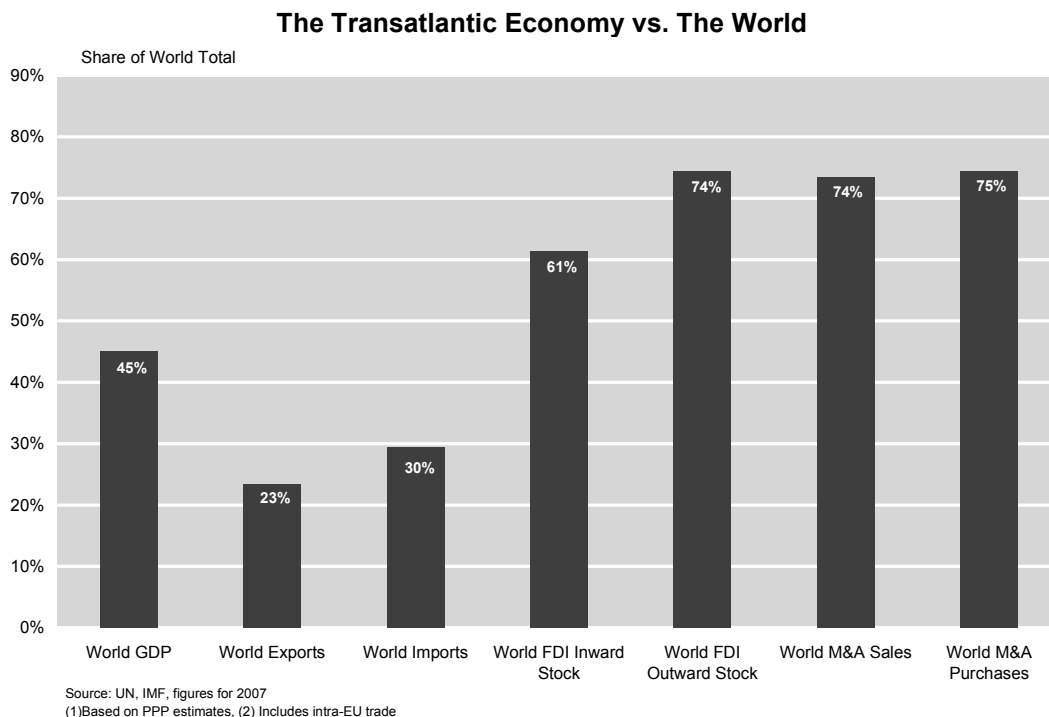
In the near term, transatlantic economic prospects will closely mirror those of the global economy. That is not surprising given that the transatlantic economy is the largest economy in the world, and highly integrated and intertwined with the rest of the globe. In this context, the United States and Europe reaped major rewards as the transatlantic and global economy boomed over the past five years. The downside is that the current deceleration in global growth has not spared the transatlantic economy, and has already dampened transatlantic jobs, trade and investment. The upshot: the transatlantic economy will end the decade roughly where it began—deeply integrated, and in recession. It will truly be a year of living dangerously.

Chapter 2

The Transatlantic Economy Today: The Eight Ties that Bind

There is no commercial artery in the world as large as the one binding the United States and Europe together. Hence, when one half of the transatlantic partnership suffers or goes into recession, like the United States in 2008, the other half suffers as well. No two regions of the global economy are as economically fused as the two parties straddling the Atlantic, making the transatlantic economy the largest and wealthiest in the world.

It is foreign investment—the deepest form of global integration—that binds the transatlantic economy, not trade. The latter, the cross-border movement of goods and services, is a shallow form of integration and often associated with the early phases or stages of bilateral commerce. In contrast, a relationship that rests on the foundation of foreign investment is one where both parties are extensively embedded and entrenched in each other’s economies. The transatlantic economy epitomizes the latter. American affiliates in Europe are increasingly indistinguishable from local European firms, and European affiliates in the United States are often indistinguishable from local American companies.



That said, it has long been our contention that one of the most dangerous deficits affecting the transatlantic partnership is not one of trade, values, or military capabilities

but rather a deficit in understanding among opinion leaders of the vital stakes Americans and Europeans have developed in the success of each other's respective economies.

Exports and imports have become the most common media measurement of cross-border business between nations, but trade alone is a misleading benchmark of international commerce. The backbone of the transatlantic economy is the unappreciated, invisible and little understood activities of foreign affiliates.

The Ties that Bind—Quantifying the Transatlantic Economy

Foreign affiliates on both sides of the Atlantic have constructed a formidable commercial infrastructure over the past half century. Remarkably, notwithstanding all the stress and strain on the transatlantic partnership this decade, this infrastructure remains solid and dynamic, and has continued to grow amid the transatlantic political turbulence of this decade. Even in the face of the transatlantic recession of 2008/09, we expect the transatlantic foundation of the global economy to remain firm.

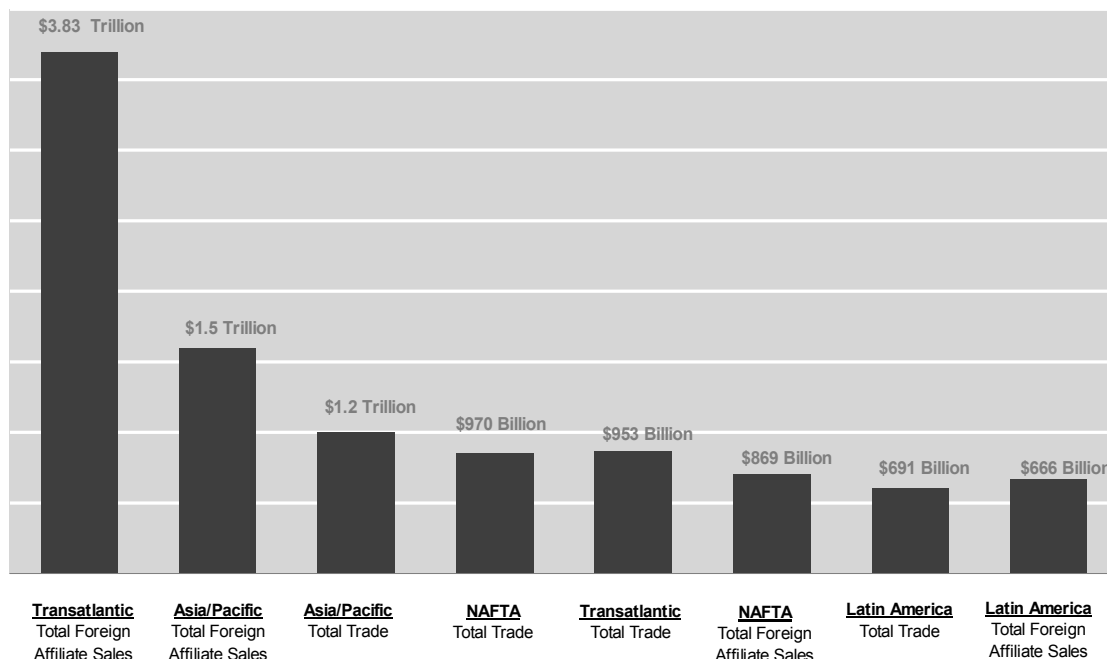
Over the past few years we have suggested eight key indices that offer a clearer picture of the “deep integration” forces shaping the transatlantic economy. This chapter updates those indices with the latest available data. Each variable, in general, grew in size and importance from our last survey, although in the face of the current recession, many of the variables discussed below are in a state of flux.

1. Gross Product of Foreign Affiliates

In their own right, U.S. affiliates in Europe and European affiliates in the United States are among the largest economic forces in the world. For instance, the total output of U.S. foreign affiliates in Europe (\$541 billion in 2006) and of European affiliates in the U.S. (\$392 billion) is greater than the total gross domestic output of most nations. Combined, transatlantic foreign affiliate output (the sum of foreign affiliate output in Europe and the U.S.) totaled \$933 billion in 2006, a 12% rise from a year earlier and a near 60% increase from 2001. The total output of transatlantic foreign affiliates is equivalent to the aggregate output of such nations as Mexico and South Korea.

On a global basis, aggregate output of U.S. affiliates reached nearly \$1 trillion in 2006, with Europe accounting for roughly 55% of the total. The latter figure was roughly unchanged from the prior year. The United Kingdom, where U.S. investment ties are deepest, accounted for just over 29% of total affiliate output in Europe, followed by Germany (16%) and France (9%). These three nations accounted for more than half of total U.S. affiliate output in Europe in 2006. By sector, output was almost evenly split between services and manufacturing output.

America's Major Commercial Arteries



Foreign Affiliate Sales: Data for 2006 Total Trade: Data in goods & services, 2006
Source: U.S. Department of Commerce

The presence of U.S. affiliates in some European nations is particularly noteworthy. The gross output of American affiliates in Ireland, for instance, represented 22.1% of Ireland's total output in 2006, up from 18.5% the year before. This dynamic reflects, in part, the large U.S. investment base, notably among U.S. technology companies, in the "Celtic Tiger." It also underscores the point that the U.S. and Ireland are joined at the economic hip, a favorable pole position for Ireland when the U.S. economy is expanding. However, as the U.S. economy has slumped in 2008, the knock-on effects have been painful for Ireland. U.S. affiliates in Ireland are in the process of trimming their workforce and deferring additional capital spending, trends that have added to Ireland's already weak economy. Such are the ties that bind the U.S. together with many European states like Ireland.

Elsewhere, U.S. affiliates accounted for 6.6% of the aggregate output of the United Kingdom in 2006, 6% of that of Switzerland, and 5.7% of Belgium's total output. Regarding the latter, it is interesting to note that U.S. foreign affiliate output in Belgium in 2006 (\$22 billion) was some 21% larger than U.S. foreign affiliate output in China in 2006 (\$18.4 billion) and more than four times as large as affiliate output in India (\$5.2 billion). Reflecting the rising presence of U.S. affiliates in Hungary, U.S. affiliate output accounted for 3% of the host nation's GDP in 2006, up from 2.6% the prior year. U.S. affiliate output in Poland, meanwhile, jumped over 12% in 2006, to \$6.4 billion, exceeding U.S. output in more developed markets like Austria, Portugal, and Denmark.

In the United States, European affiliates are major economic producers in their own right, with British firms of notable importance. Their U.S. output reached nearly \$120 billion in 2006, or nearly one-third of the total. Output from German affiliates operating in the U.S. totaled \$68 billion, up slightly from a year earlier, while output from French affiliates soared by more than 18%, to \$59 billion in 2006. Beyond European affiliates, only Corporate Japan has any real economic presence in the United States—Japanese affiliate output totaled \$75.8 billion in 2006, well below output from British affiliates but slightly ahead of German affiliates. Overall, foreign affiliates contributed nearly \$615 billion to U.S. aggregate production in 2006, with European affiliates accounting for nearly two-thirds of the total.

2. Assets of Foreign Affiliates

America’s global commercial presence has never been larger, with aggregate foreign assets of corporate America totaling over \$11.5 trillion in 2006. That represents a rise of 11% from the prior year. The bulk of these assets -- roughly 62% -- was located in Europe, with the largest share, by far, in the United Kingdom. U.S. assets in the UK totaled \$2.8 trillion in 2006, roughly one-quarter of the global total, and greater than total combined U.S. assets in Asia, South America, Africa and the Middle East.

U.S. assets in the Netherlands (\$996 billion) were the second largest in the world in 2006 (after the United Kingdom). America’s sizable asset base in the Netherlands reflects the host nation’s strategic role as an export platform/distribution hub for U.S. firms doing business in the rest of the European Union. To this point, more than half of affiliate sales in the Netherlands are for export, namely within the EU. Meanwhile, America’s asset base in Germany (\$504 billion) was nearly double its base of South America in 2006. The collective asset base in Poland, Hungary, and the Czech Republic (roughly \$65 billion) was twice the size of corporate America’s assets in India.

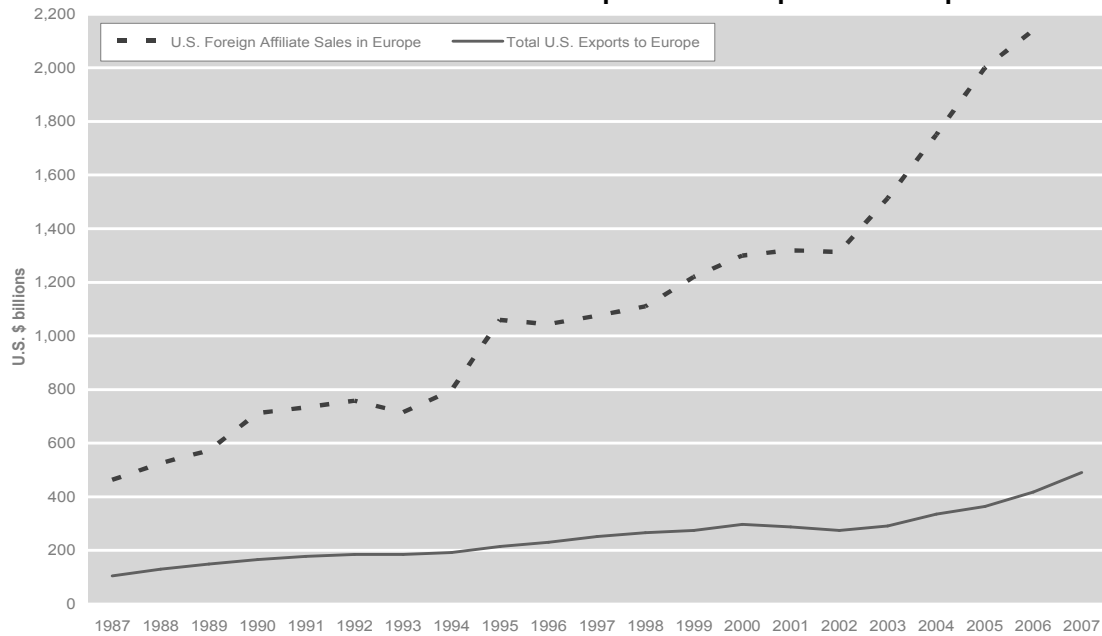
Global Engagement: Foreign Affiliate Sales vs. Trade

\$ billions, 2006	U.S. Foreign Affiliate Sales vs. Trade
Global Sales of U.S.-owned Affiliates ¹ (G&S)	4,123.5
Total U.S. Exports (G&S)	1,457.0
U.S. Sales of Foreign-owned Affiliates ¹	2,795.1
Total U.S. Imports (G&S)	2,210.3
European Sales of U.S.-owned Affiliates ¹	2,140.0
U.S. Exports to Europe (G&S)	490.4
U.S. Sales of European-owned Affiliates ¹	1,686.2
U.S. Imports from Europe (G&S)	580.2

Source: Bureau of Economic Analysis

¹ Majority-owned Affiliates

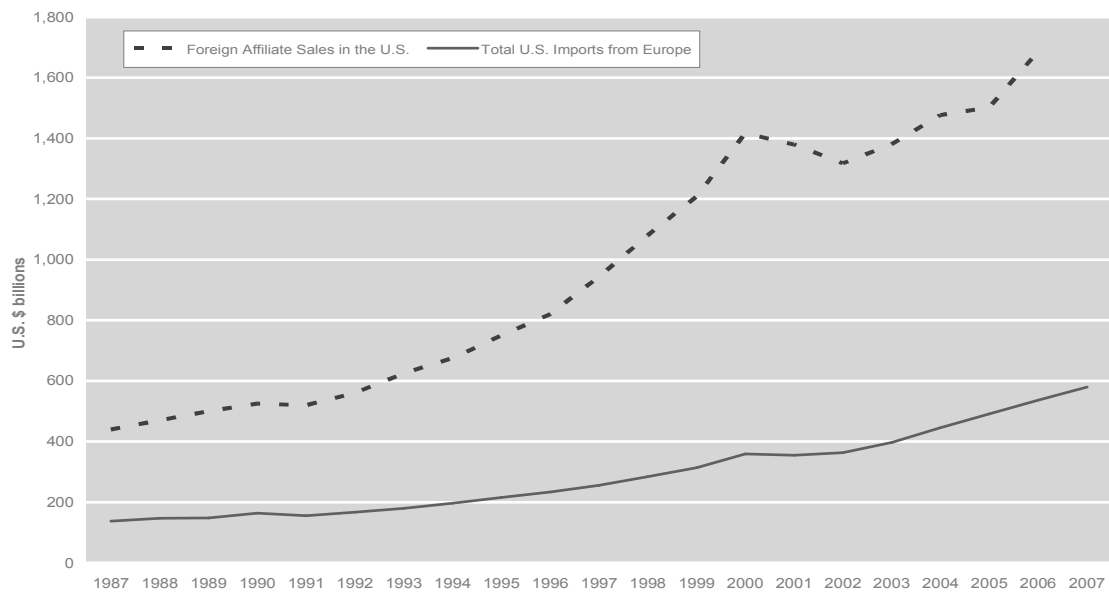
Sales of U.S. Affiliates in Europe vs. U.S. Exports to Europe



Source: Bureau of Economic Analysis

As for foreign-owned assets in the United States, Europe's stakes are sizable and continue to expand. In 2006 European firms held some \$5 trillion in U.S. assets, up over 11% from the prior year and equivalent to roughly three-quarters of total foreign assets in the United States. Switzerland ranked first as the largest holder of U.S. assets in 2006 (\$1.4 trillion), followed closely behind by U.K. firms (\$1.2 trillion). France and Germany ranked third and fourth, respectively, in 2006.

Sales of European Affiliates in the U.S. vs. U.S. Imports to Europe



Source: Bureau of Economic Analysis

3. Affiliate Employment

The common perspective is that when it comes to hiring workers overseas, the bulk of corporate America's overseas work force toils in the developing nations. Not true. Most foreign workers on the payrolls of U.S. foreign affiliates are employed in industrialized nations, notably in Europe.

Out of a global overseas workforce of 9.5 million in 2006 (majority-owned), roughly 43% were located in Europe. The bulk of these workers were based in the United Kingdom, Germany and France.

The European workforce of U.S. majority-owned foreign affiliates was almost evenly split between manufacturing and service workers. That said, it is interesting to note that U.S. affiliates employed just as many manufacturing workers in Europe (1.9 million) in 2006 as they did in 1990. However, while the aggregate number has stayed the same, the geographic distribution of U.S. manufacturing employment in Europe has shifted over the past fifty years. In general, the shift has been towards lower-cost locations like Ireland and Spain, at the expense of the United Kingdom and Germany. Between 1990 and 2006, for instance, U.S. affiliate manufacturing employment in the United Kingdom and Germany fell by roughly 20% and 7%, respectively. Meanwhile, manufacturing employment in Ireland soared over 37% over the same period, while rising by over 20% in Spain. However, even with the decline of manufacturing employment in Germany, the manufacturing workforce of U.S. affiliates in Germany alone totaled 367,000 workers in 2006, equivalent to the number of manufactured workers employed in China by U.S. affiliates.

The transportation equipment sector continued to be the largest source of manufactured employment in Europe; wholesale employment was among the largest sources of service-related employment, which includes employment in such areas as logistics, trade, insurance and other service-related activities.

When it comes to affiliate employment, trends in the United States are similar those in Europe. In other words, despite stories on the continent about local European companies decamping for cheap labor markets in central Europe or Asia, most foreigners working for European companies outside the EU are American. European majority-owned foreign affiliates directly employed roughly 3.6 million U.S. workers in 2006. The top five employers in the U.S. were firms from the United Kingdom (908,000), Germany (664,000), France (497,000), the Netherlands (445,000) and Switzerland (416,000). European firms employed roughly two-thirds of the 5.3 million U.S. workers on the payrolls of majority-owned foreign affiliates in 2006.

The U.S. - European Employment Balance

Thousands of employees, 2006

Country	European Affiliates of U.S. Companies	U.S. Affiliates of European Companies	Employment Balance
Austria	40.0	10.5	-29.5
Belgium	126.4	132.0	+5.6
Denmark	45.7	23.4	-22.3
Finland	22.6	33.5	+10.9
France	590.5	496.6	-93.9
Germany	592.1	664.4	+72.3
Ireland	93.1	59.0	-34.1
Italy	241.8	130.4	-111.4
Luxembourg	12.0	30.1	+18.1
Netherlands	213.0	445.2	+232.2
Norway	30.5	7.8	-22.7
Spain	191.3	36.4	-154.9
Switzerland	76.1	416.1	+340.0
United Kingdom	1,191.3	908.8	-282.5
Europe	4,082.6	3,590.6	-492.0

Note: Employment balance "+" favors the United States

Source: Bureau of Economic Analysis

In the aggregate, the transatlantic workforce directly employed by U.S. and European foreign affiliates in 2006 was just over 8 million strong. On a global basis, U.S. foreign affiliates (including minority- and majority-owned) directly employed 10.9 million workers in 2006, with roughly 41% in Europe. That said, as we have stressed in our last survey, these figures understate the employment effects of mutual investment flows, since these numbers are limited to direct employment, and do not account for indirect employment effects of nonequity arrangements such as strategic alliances, joint ventures and other deals. Moreover, affiliate employment figures do not include jobs supported by transatlantic trade flows. Trade-related employment is substantial in many U.S. states and many European regions.

In total, and adding in indirect employment, we estimate that the transatlantic work force numbers some 12-14 million workers. Europe is by far the most important source of “onshored” jobs in America, and the U.S. is by far the most important source of “onshored” jobs in Europe.

4. Research and Development (R&D) of Foreign Affiliates

While most multinationals still tend to cluster their R&D expenditures and activities in their home country, foreign affiliate R&D has become more prominent over the past decade as firms seek to share development costs, spread risks and tap into the intellectual talent of other nations. Alliances, cross-licensing of intellectual property, mergers and acquisitions and other forms of cooperation have become more prevalent characteristics of the transatlantic economy in the past decade. The internet, in particular, has powered greater transatlantic R&D.

Research and development among U.S. foreign affiliates totaled \$28.5 billion in 2006. The bulk of such activity was carried out in the developed nations, where the largest pool of skilled labor resides. Europe is far and away the most important R&D destination for U.S. companies. In 2006, U.S. affiliates sunk \$18.6 billion on research and development in Europe, or nearly 65% of total R&D expenditures. The United Kingdom, Germany, France, and Switzerland represented markets where R&D expenditures by U.S. affiliates were greatest. These four nations accounted for roughly half (47%) of U.S. global spending on R&D in 2006. Affiliates of U.S. multinationals are by far the most important source of private sector R&D investment in the EU, accounting for nearly half of all European R&D projects.

In the United States, meanwhile, expenditures on R&D performed by majority-owned foreign affiliates totaled nearly \$34.2 billion in 2006, up over 10% from the prior year and accounting for roughly 13-14% of total R&D spending in the U.S. A significant share emanated from world class leaders from Europe, given their interests in America's highly skilled labor force and first-class university infrastructure. Most of this investment took place among European firms in such research-intensive sectors as energy, chemicals, telecommunications, and automobiles. By country, British-owned affiliates nudged out German firms to become the largest foreign source of R&D in the United States in 2006. British R&D in the U.S. totaled \$6.8 billion in 2006, up 13% from the prior year, accounting for just over 20% of total affiliate R&D in the United States. German-owned affiliates accounted for the second largest percentage of affiliate R&D expenditures, with a 19% share in 2006. R&D of German affiliates totaled \$6.7 billion, and were mainly concentrated in transportation equipment, pharmaceuticals and machinery.

5. Intra-Firm Trade of Foreign Affiliates

While we have frequently highlighted the fact that cross-border trade is a secondary means of delivery goods and services across the Atlantic, the modes of delivery—affiliate sales and trade—should not be viewed independently. They are more complements than substitutes, since foreign investment and affiliate sales increasingly drive cross border trade flows. Indeed, a substantial share of transatlantic trade is considered intra-firm trade or related-party trade, which is cross-border trade that stays within the ambit of the company.

Related-party trade occurs when BMW or Mercedes of Germany send parts to BMW of South Carolina or Mercedes of Alabama, or when LaFarge or Michelin send intermediate components to their plants in the Greater Cincinnati area, or when 3M ships components for its office products or communications sectors from St. Paul to affiliates in Germany or the UK. The tight linkages between European parent companies and their U.S. affiliates is reflected in the fact roughly 59% of U.S. imports from the European Union consisted of related party trade in 2007. The percentage was even higher in the case of Germany (65%). Meanwhile, roughly 30% of U.S. exports to Europe in 2007 represented related-party trade. In the case of the Netherlands, nearly 43% of total U.S. exports to the nation last year was classified as related-party trade.

Related Party Trade, 2007

	US Imports: "Related Party Trade," as % of Total	US Exports: "Related Party Trade," as % of Total
European Union	58.9	29.8
Germany	64.9	37.0
France	49.0	30.5
Ireland	88.7	31.9
Netherlands	56.1	42.6
United Kingdom	58.0	23.3

Source: U.S. Census Bureau

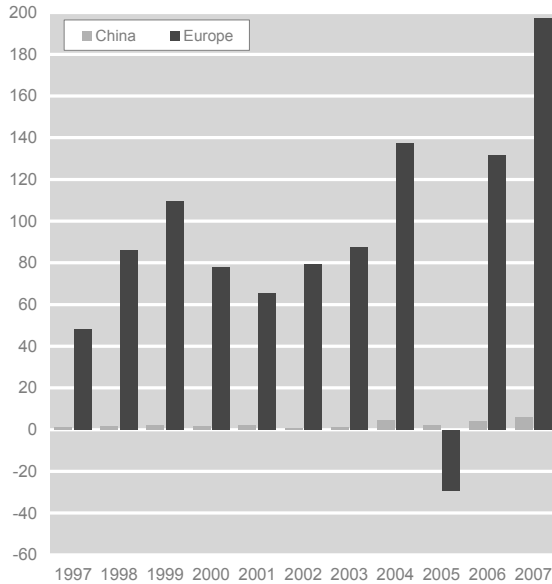
6. Foreign Affiliate Sales

U.S. foreign affiliate sales (goods and services) hit a record \$4.7 trillion in 2006, well in excess of U.S. exports of \$1.5 trillion. Europe accounted for half of total global foreign affiliate sales, with sales topping \$2.4 trillion in 2006, up 8% from the prior year. Reflecting just how important Europe is to corporate America, sales of U.S. affiliates in Europe were roughly double comparable sales in the entire Asia/Pacific region. Affiliate sales in the United Kingdom (\$584 billion) exceeded aggregate sales in Latin America. While U.S. affiliate sales in China have soared over the past decade, they do so from a low base, and still remain well below comparable sales in Europe. For instance, U.S. affiliate sales of \$112 billion in China in 2006 were on par with sales to Belgium (\$106 billion) and well below those in Germany (\$327 billion) or France (\$198 billion).

Affiliate sales are also the primary means by which European firms deliver goods and services to consumers in the United States. In 2006, for instance, majority-owned European affiliates sales in the U.S. (\$1.7 trillion) were roughly three times larger than U.S. imports from Europe (\$580 billion). In the case of Germany, foreign affiliate sales in the United States totaled \$371 billion in 2006, more than four times U.S. imports of goods from Germany the same year. For virtually all nations in Europe, foreign affiliate sales were easily in excess of their U.S. imports in 2006.

U.S. FDI in China and in Europe: 1997-2007

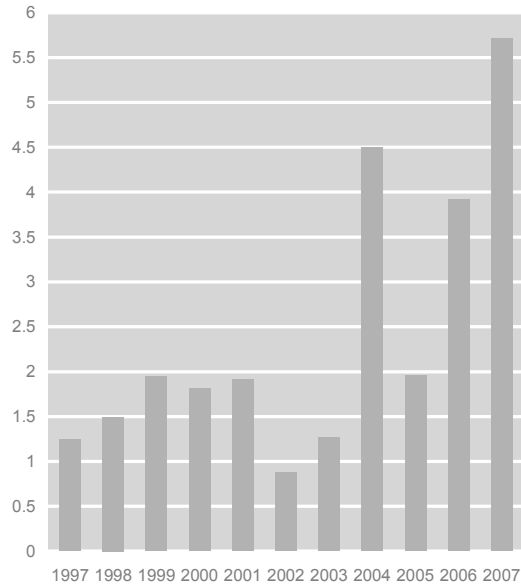
(U.S. \$ billions)



Source: Bureau of Economic Analysis

U.S. FDI in China: 1997-2007

(U.S. \$ billions)

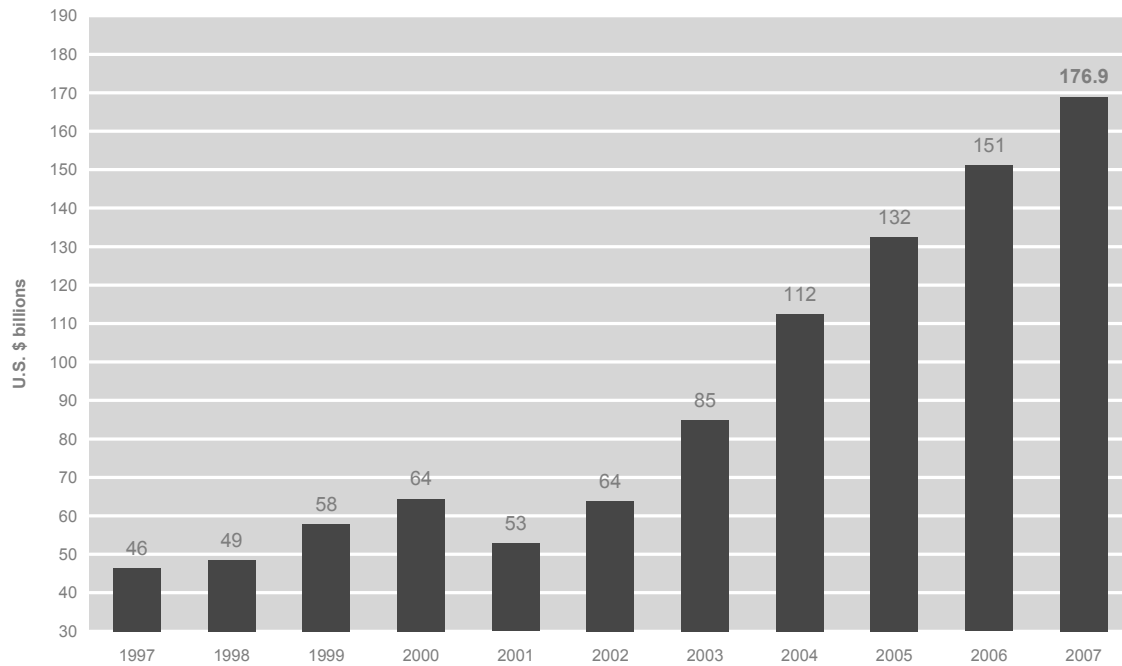


7. Foreign Affiliate Profits

The transatlantic profits boom continued in 2007, although the tide turned in the second half of the year and into 2008. Looking just at 2007, U.S. affiliates in Europe earned a record \$177 billion, more than three times the level of the cyclical lows of 2001, when slow growth on both sides of the Atlantic resulted in a transatlantic profits downturn. In the first half of 2008, U.S. affiliate income from Europe rose 9% from the same period a year ago but is thought to have declined in the second half of the year. On a global basis, Europe remains the most profitable region of the world for U.S. multinationals, with Europe accounting for over half of total global affiliate earnings in 2007 and the first half of 2008.

Just how important Europe is to the global earnings of U.S. multinationals is reflected by the following: in 2007, U.S. affiliate income from Europe was nearly three times as large as total earnings from Latin America and more than double affiliate earnings from Asia. Up until late 2007, U.S. affiliates have enjoyed the best of both worlds in Europe—a weaker currency and stronger final demand, although both variables have turned against U.S. affiliates. Circumstances have now changed, of course, and the affiliate earnings environment, on both sides of the Atlantic, will be very challenging in 2009.

The U.S. Earnings Boost from Europe (U.S. foreign affiliate income from Europe)



Source: Bureau of Economic Analysis

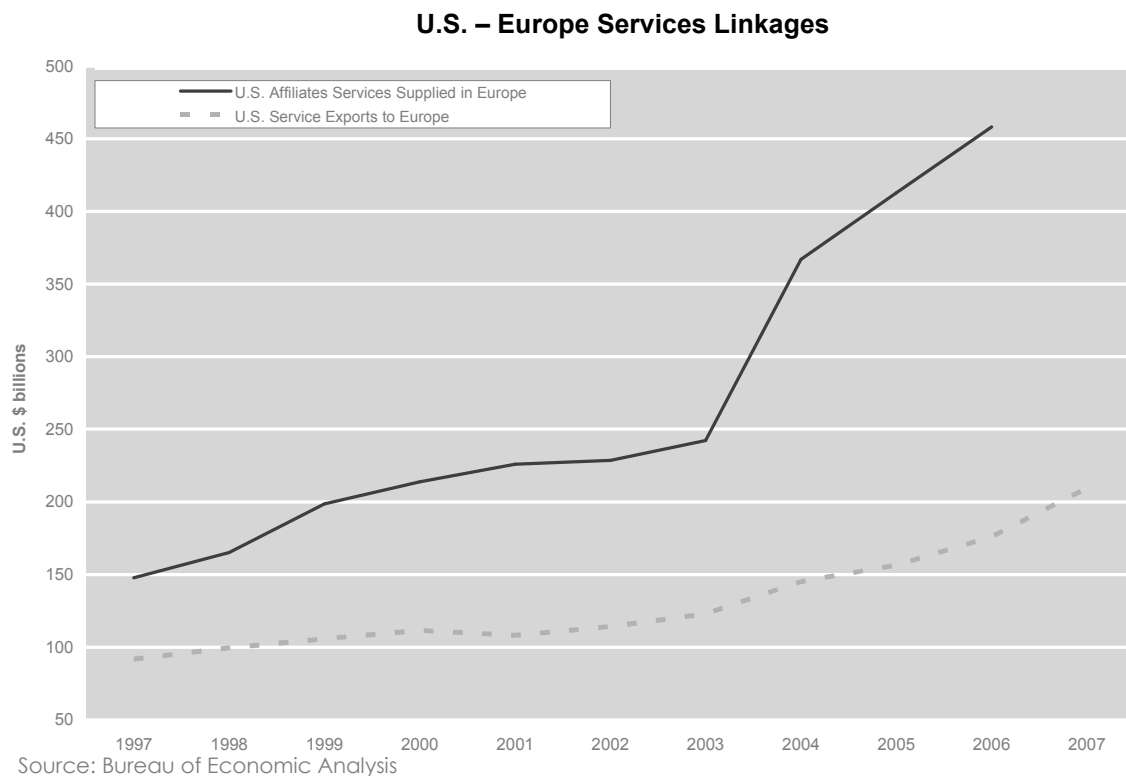
In 2007, a number of countries in Europe—including Austria, the Czech Republic, Germany, Ireland, the Netherlands, Italy, and Portugal to name a few—provided record earnings to U.S. affiliates. U.S. companies also posted strong earning gains from central Europe, in such markets as Poland and Hungary. The Netherlands and the United Kingdom rank as the most important markets in the world for corporate America with it comes to global earnings. On average, the Netherlands represented roughly 13% and the UK 9.6% of total affiliate income over the 2000-08 period. Ireland ranked third in the EU, accounting for 6.2% of global affiliate earnings. China, in comparison, accounted for just 1.7% of U.S. affiliate earnings in the decade to mid-2008.

Similarly, the United States remains the most important market in the world in terms of earnings for many European multinationals. Profits of European foreign affiliates in the United States fell in 2007, by 10%, after hitting a record \$91.2 billion in 2006. Affiliate earnings were driven largely by strong U.S. demand, which offset the adverse price effect from the long-term strength of the euro and British pound. However, European affiliate earnings in the U.S. softened considerably in 2007. As the U.S. economy struggled over 2007, as U.S. corporate earnings decelerated, the earnings of many European affiliates deteriorated in line with their U.S. counterparts.

8. Transatlantic Services Linkages

As we have remarked in the past, services in particular represent the sleeping giant of the transatlantic economy, or the one key area where there exists significant opportunities to strengthen and deepen transatlantic commercial ties.¹

The services economies of the United States and Europe have become even more intertwined over the past year, with cross-border trade in services and sales through affiliates posting strong gains in the past year. By sectors, transatlantic linkages continue to deepen in financial services, insurance, education, telecommunications, utilities, advertising, and computer services. Other sectors, like aviation, for instance, are gradually being liberalized and deregulated, albeit slowly.

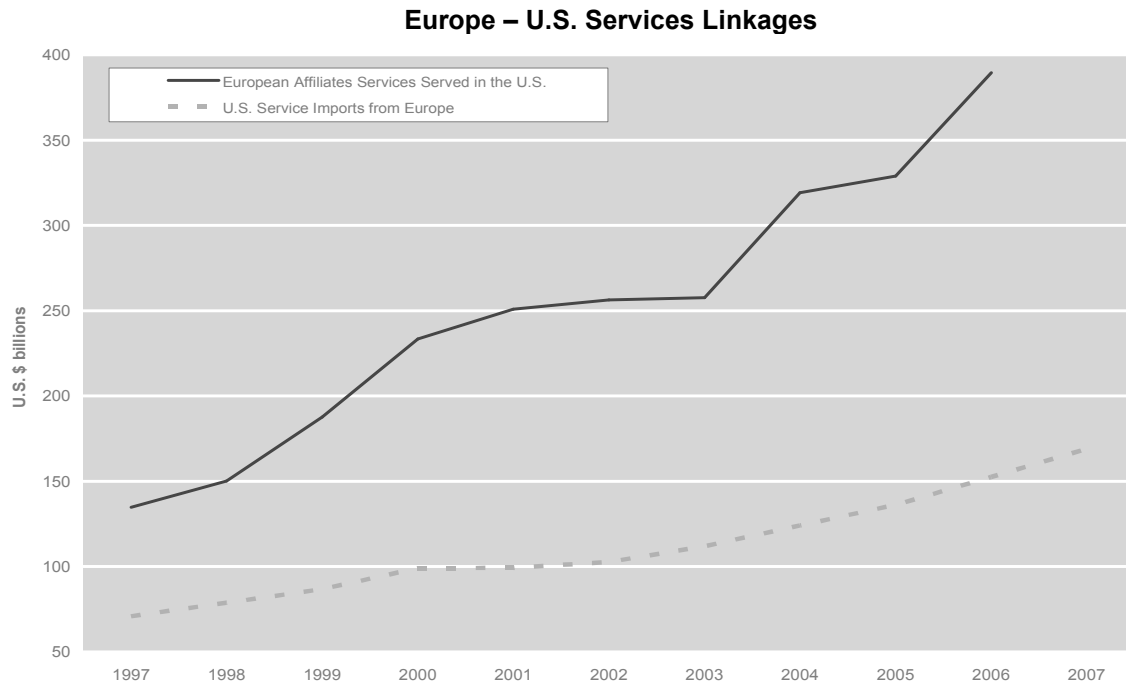


Starting with trade in services, five out of the top ten export markets for U.S. services in 2007 (the last year of available data) were in Europe. The United Kingdom ranked Number 1, followed by Germany (4th), Ireland (6th), France (7th), and Switzerland (8th). Thanks to a variety of factors—stronger growth, the weaker dollar, EU enlargement, industry reform and deregulation—U.S. services exports to the European Union more than doubled between 1997 and 2007, rising from around \$75 billion to nearly \$180 billion in 2007. The bulk of these gains were in exports of “other private services,” or in

¹ For a closer examination of the transatlantic services economy, see Daniel S. Hamilton and Joseph P. Quinlan, eds., *Sleeping Giant: Awakening the Transatlantic Services Economy* (Washington, DC: Center for Transatlantic Relations, 2007).

such value-added activities like computer processing, engineering, advertising and related activities. In this category, the U.S. posted a \$24 billion trade surplus in 2007.

U.S. services imports from Europe, meanwhile, expanded at even faster pace than exports over the last decade. Imports more than doubled between 1997 and 2007, climbing from \$62 billion to \$154 billion in 2007. The same five nations that ranked in the top ten U.S. export markets also ranked among the top ten services providers to the U.S. On a regional basis, the European Union accounted for just over 37% total U.S. services exports and for 39% of total U.S. services imports in 2007.



Source: Bureau of Economic Analysis

Meanwhile, while the U.S. recorded a \$130 billion deficit in goods exports with Europe in 2007, nearly 31% of the deficit was offset by America’s \$40.5 billion surplus in services. That was up substantially from the year before (\$23.4 billion). The U.S. enjoys a sizable surplus in “other private services,” notably in activities associated with “business, professional and technical services.” By activity, the U.S. registered a surplus in financial services, computer and information services, management consulting, legal services, construction engineering, and operational leasing with Europe in 2007.

Beyond trade, there are the foreign affiliate sales of services, or the delivery of transatlantic services by U.S. and European foreign affiliates. Sales of affiliates have exploded on both sides of the Atlantic over the past decade; indeed, affiliate sales of services have not only supplemented trade in services but also become the overwhelming mode of delivery in a rather short period of time.

Sales of services of U.S. foreign affiliate in the European Union rose again in 2006, the last year of available data. Sales rose to a record \$458 billion, more than double the level of 2000; meanwhile services sales were more than double U.S. services exports to EU in the same year. The United Kingdom accounts for the bulk of U.S. services sales in Europe. In 2006, the UK accounted for around 34% of all U.S. affiliate sales in the EU. On a global basis, Europe accounted for just over half of total U.S. service sales.

For the fourth consecutive year, U.S. affiliate sales of services in the EU exceeded sales of services by U.S. affiliates of European firms. The latter totaled \$390 billion in 2006, the former some \$458 billion. However, on a country basis, French, German, Dutch and Swiss affiliates sold more services in the U.S. in 2006 than American affiliates sold in France, Germany, the Netherlands and Switzerland. Of particular note, European affiliate sales of services were more than double U.S. services imports—a fact that underscores the ever widening presence of European services leaders in the U.S. economy.

In the end, these eight indices convey a more complete and complex picture of global engagement than simple tallies of exports and imports. Foreign direct investment and foreign affiliate sales, not trade, represent the backbone of the transatlantic economy. The eight variables just highlighted underscore the depth and breadth of U.S.-European bilateral relations.

Certainly the global financial crisis and attendant recession of 2008-2009 have hit the transatlantic economy hard, and we anticipate that trends will be negative until economies on both sides of the Atlantic can recover. Yet the figures outlined above provide a good picture of the transatlantic economy before the recession hit – a vibrant, deeply integrated economy that is also the foundation of the global economy. The figures underscore the deeply linked nature of U.S. and European economic ties, as well as future potential following the current downturn.

America's FDI Roots in Europe (\$ billions)

Industry	US FDI to Europe	% of Industry Total
European Total	1,551	56%
Mining	37	25%
Manufacturing	257	48%
Food	21	61%
Chemicals	69	59%
Primary and fabricated metals	16	54%
Machinery	19	53%
Computers and electronic products	26	38%
Electrical equipment, appliances, and components	12	66%
Transportation equipment	24	36%
Wholesale trade	110	60%
Information	73	65%
Depository institutions	71	77%
Finance (except depository institutions) and insurance	256	48%
Professional, scientific, and technical services	38	59%
Other industries	115	57%

Europe's FDI Roots in the US (\$ billions)

Industry	US FDI from Europe	% of Industry Total
Total from Europe	1,483	71%
Manufacturing	557	79%
Food	20	75%
Chemicals	197	91%
Primary and fabricated metals	34	70%
Machinery	68	89%
Computers and electronic products	41	59%
Electrical equipment, appliances, and components	18	83%
Transportation equipment	30	47%
Wholesale trade	139	50%
Retail trade	27	64%
Information	133	91%
Depository institutions	100	71%
Finance (except depository institutions) and insurance	160	61%
Real estate and rental and leasing	26	47%
Professional, scientific, and technical services	54	85%
Other industries	287	73%

Note: Historic-cost basis, 2007

Source: Bureau of Economic Analysis

Chapter 3

European Commerce and the 50 States: A State-by-State Comparison

Notwithstanding recent downsizing among some European firms in the United States (DHL, UBS, Daimler and others), corporate Europe's capital stock in the United States remains quite extensive and expansive. European investment in the U.S. (measured as the stock of gross property, plant and equipment owned by European foreign affiliates in the United States) rose 4% in 2006, totaling \$610 billion. Another variable that measures Europe's investment stock in the U.S.—foreign investment based on a historic cost basis—portrays an even larger presence. In 2007, for instance, Europe's investment stakes in the U.S. totaled a record \$1.5 trillion, a 12% rise from the prior year and more than triple the level of a decade ago. Corporate Europe accounted for 71% of total foreign direct investment in the U.S. in 2007 (\$2.1 trillion). No other region of the world has invested as much in the United States as has Europe, a state of affairs we don't expect will change any time soon, despite the current recession.

That said, at the regional and state level, Europe's investment stock in the U.S. continues to ebb and flow. Corporate Europe's investment position is in constant flux, reflecting general economic conditions in the U.S., as well as industry- and company-specific dynamics. Not surprisingly, as the U.S. recession has unfolded, various European firms with operations in the United States have had to adjust to a much more difficult operating environment. When economic circumstances change, so too do the strategies of firms. As such, while investment is rising at the macro level, the picture is more nuanced and not as uniform at the regional and state level. Some regions and states are losing European investment, or seeing their stock of investment decline, while others are gaining.

European Investment in the United States: Regional, Industry and State Preferences

European investment can be found in all fifty states, although at the regional level, the bias remains towards the Southeast, a region of the U.S. economy where land costs are attractive and union participation is minimal. Add to this a first-class infrastructure and aggressive state incentives (including tax holidays in many cases) and the Southeast remains among the most attractive investment destinations for many European firms.

In 2006, the Southeast accounted for 22.1% of European investment, up 5.4% increase over its 2005 share of 21.7%. That rate of growth was slower than in the Great Lakes (7.4%) and the Mideast region (7%). The Great Lakes accounted for 18.4% of Europe's total investment in 2006, up from 17.8% the year before. However, we expect the region's share of European investment to slip in the near term, due to the consolidation and the rationalization of the U.S. auto industry, which is affecting many European automobile affiliates. The de-merging of DaimlerChrysler was perhaps the most dramatic example of this dynamic, resulting in less European capital stock in the Great Lakes region.

European Foreign Investment in the U.S.

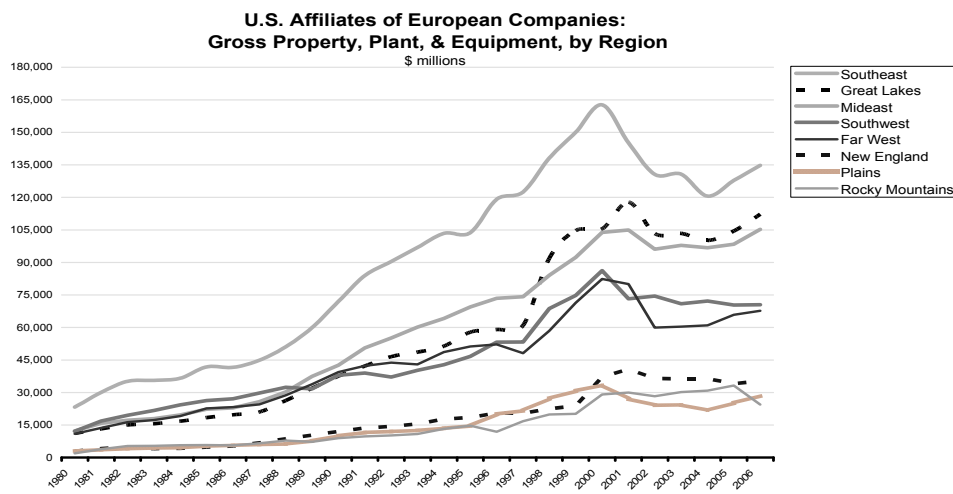
By geographic region, 2006

Region	U.S. \$ billions	% Change from year ago	% of Total European Investment
Southeast	134.8	5.4%	22.1%
Great Lakes	112.3	7.4%	18.4%
Mideast	105.3	7.0%	17.3%
Southwest	70.5	0.2%	11.6%
Far West	67.7	2.8%	11.1%
New England	35.3	3.6%	5.8%
Plains	28.5	13.2%	4.7%
Rocky Mountains	24.5	-26.4%	4.0%

Source: Bureau of Economic Analysis

The Mid-Atlantic's share of European investment also increased in 2006 from 16.7% the year before to 17.3%. Given all of the above, it is noteworthy that just three regions of the U.S. (the Southeast, Great Lakes and Mid-Atlantic) accounted for nearly 58% of total European investment in 2006.

Reflecting past trends, British, French and German foreign investors remain the largest and most prominent European investors in the United States. On a state-by-state basis, Germany was the top foreign investor in eleven U.S. states in this year's survey, second only to Canada, number one in fifteen states. Japan ranked third, number one in eleven states, followed by the United Kingdom (9 states) and France (2 states).



Gross Property, Plant, and Equipment of French Affiliates in U.S. Regions, 2006
(millions of dollars, % change from 2005)

Southeast:	15,918	2%
Mideast:	14,186	5%
Southwest:	11,206	-2%
Great Lakes:	7,725	8%
Far West:	6,558	16%
Plains:	3,443	-3%
New England:	2,799	-3%
Rocky Mountains:	923	-9%
Total	67,318	5%

Source: Bureau of Economic Analysis

Overall Direct Employment of French Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Mideast:	116.0	8%
Southeast:	113.0	2%
Great Lakes:	77.8	10%
Far West:	66.7	2%
Southwest:	49.5	-2%
New England:	32.9	2%
Plains:	22.9	5%
Rocky Mountains:	17.1	-1%
Total	496.6	4%

Source: Bureau of Economic Analysis

Manufacturing Employment of French Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Southeast:	46.1	-1%
Great Lakes:	25.2	12%
Mideast:	21.1	-2%
Far West:	19.8	5%
Southwest:	14.6	-1%
New England:	9.3	21%
Plains:	8.4	-2%
Rocky Mountains:	2.4	-11%
Total	147.3	3%

Source: Bureau of Economic Analysis

Gross Property, Plant, and Equipment of German Affiliates in U.S. Regions, 2006
(millions of dollars, % change from 2005)

Great Lakes:	53,916	10%
Southeast:	45,293	14%
Mideast:	28,540	7%
Far West:	16,371	11%
Southwest:	13,091	7%
Plains:	8,876	4%
New England:	5,490	-4%
Rocky Mountains:	1,044	9%
Total	243,327	11%

Source: Bureau of Economic Analysis

Overall Direct Employment of German Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Great Lakes:	175.7	1%
Southeast:	162.5	6%
Mideast:	123.3	0%
Far West:	80.7	3%
Southwest:	40.9	13%
New England:	37.3	8%
Plains:	31.8	-4%
Rocky Mountains:	10.1	7%
Total	664.4	3%

Source: Bureau of Economic Analysis

Manufacturing Employment of German Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Southeast:	46.1	-1%
Great Lakes:	25.2	12%
Mideast:	21.1	-2%
Far West:	19.8	5%
Southwest:	14.6	-1%
New England:	9.3	21%
Plains:	8.4	-2%
Rocky Mountains:	2.4	-11%
Total	147.3	3%

Source: Bureau of Economic Analysis

Gross Property, Plant, and Equipment of British Affiliates in U.S. Regions, 2006
(millions of dollars, % change from 2005)

Mideast:	28,507	9%
Southeast:	24,597	0%
Great Lakes:	21,597	-19%
Far West:	20,435	4%
Southwest:	19,998	-8%
New England:	12,458	5%
Rocky Mountains:	8,033	-34%
Plains:	4,989	-1%
Total	191,449	-7%

Source: Bureau of Economic Analysis

Overall Direct Employment of British Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Southeast:	198.5	1%
Mideast:	195.9	-5%
Great Lakes:	150.2	-9%
Far West:	133.7	-4%
Southwest:	89.6	-7%
New England:	60.3	-4%
Plains:	48.8	-1%
Rocky Mountains:	27.6	-11%
Total	908.8	-5%

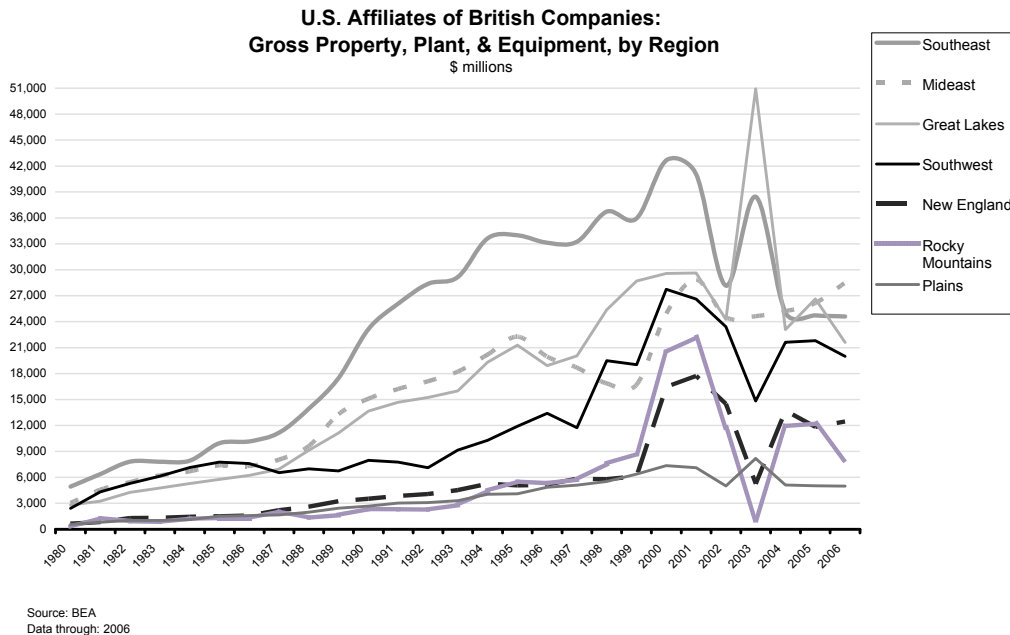
Source: Bureau of Economic Analysis

Manufacturing Employment of British Affiliates in U.S. Regions, 2006
(thousands of employees, % change from 2005)

Southeast:	43.6	-7%
Great Lakes:	41.7	-23%
Mideast:	30.4	3%
Far West:	25.2	5%
Southwest:	19.1	3%
New England:	17.0	-4%
Plains:	10.9	-8%
Rocky Mountains:	4.7	135%
Total	193.5	-7%

Source: Bureau of Economic Analysis

Among British, French and German investors, each favored a different geographic location of the United States in the latest survey. For instance, the Southeast was the favored location of French firms in 2006; the Great Lakes was the top region for German firms, given the strong links between German automotive firms and Michigan; and the Mid-Atlantic slightly outranked the Southeast as the top geographic investment destination for British firms. In addition to these regional nuances, the rate of investment also varied by nationality. For instance, in 2006, German investment in U.S. property, plant and equipment rose 11% from the prior year; meanwhile, French investment climbed 5%, while investment from British firms actually declined by 7%. British affiliates operating in the U.S. reduced their American payrolls by 5% in 2006, slicing some 7% off their manufacturing workforce in the United States. The largest manufacturing employment losses were centered in the Great Lakes, and most likely associated with the slumping U.S. automotive industry.

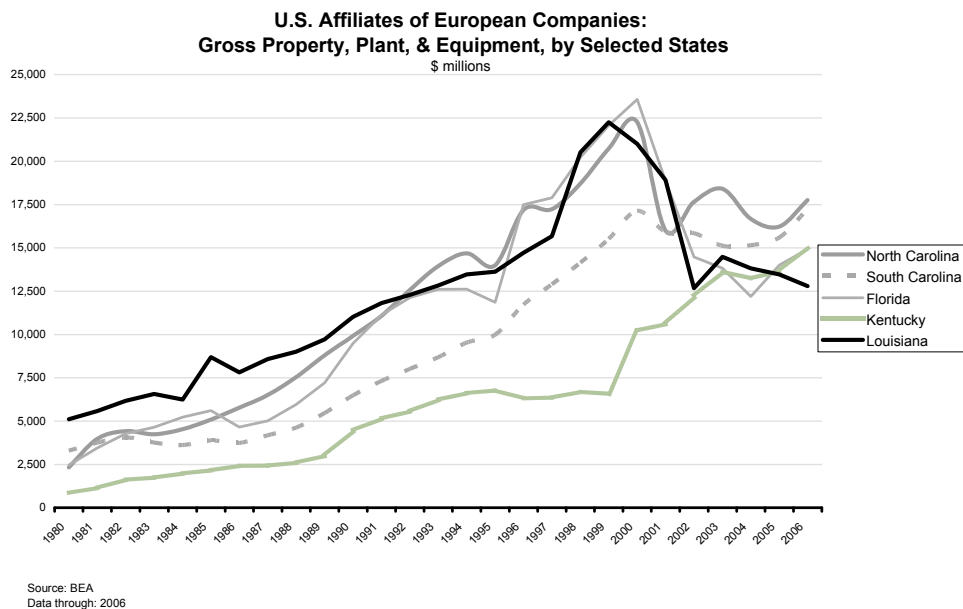


French affiliates increased their U.S. payrolls by 4% in 2006, while employment levels among German affiliates rose modestly, by 3%. Among manufactured workers, German and French affiliates increased their U.S. manufacturing ranks by 3%, respectively, in 2006. However, as we noted earlier in this chapter, the data we are highlighting – the latest data available -- are for 2006; given the U.S. recession of 2008, we highly suspect that most foreign affiliates in the United States have pared their American work forces over the past twelve months.

At the state level, Texas, California and New York maintained their rank as the top three destinations for European foreign investment; indeed, their collective share of European investment was 25% in 2006, versus just slightly more than 20% in 2005 and 18.4% in

2004. All three states registered a rise in European investment, with investment levels rising 6% in Texas, 10% in California and 2% in New York. The fact that just three states account for one-fifth of total European investment in the United States is not surprising given that Texas, New York and California represent some of the largest and wealthiest states in America. In addition, each state has its own particular appeal to European investors—Texas is a magnet for energy investment from Europe; Wall Street has been a focus of many European banks and financial institutions; and Silicon Valley in California has long been a main attraction to European technology firms.

Michigan also remains a top destination for European investment, although the consolidation and rationalization of the U.S. automotive industry is likely to trigger a decline in European investment in the state. Conversely, European investment in the Carolinas continues to rise—European investment to North Carolina rose 10% and European investment to South Carolina by 11% in 2006. North Carolina first cracked the top ten list for European investment in 2005, with South Carolina right behind. Interestingly, on an aggregate basis, the Carolinas, where European investment totaled \$35 billion in 2006, ranked as the fourth largest destination of European investment in 2006. Key to this trend is Europe’s expanding automobile manufacturing and assembly presence in both states.¹



If one looks at European investment trends in the 50 U.S. states in the five years between 2002 and 2006, it is perhaps interesting to note that 33 states recorded net increases in European investment, while 12 states recorded net outflows of European direct investment.

¹ For further explanation of the role of the Carolinas in transatlantic commerce, see our case study of connections between the Charlotte region and the “Rhine river elbow” in Daniel S. Hamilton and Joseph P. Quinlan, *Partners in Prosperity: The Continuing Primacy of the Transatlantic Economy* (Washington, DC: Center for Transatlantic Relations, 2004).

In terms of employment, European affiliates in the U.S. employed some 241,000 workers in the Carolinas in 2006, up 3% from the prior year. Employment levels were higher in only two other states—California (346,700) and New York (282,600). Most states reported higher employment levels among European affiliates in 2006. However, there were some outliers. For instance, employment losses were recorded in New York, with affiliate payrolls cut by 4,700 jobs between 2005 and 2006. Michigan (-4,300) Rhode Island (-5,400), Oregon (-4,600), and Louisiana (-3,600) also posted job losses.

If one looks at employment trends between 2002 and 2006, it is interesting to note that 16 states recording net increases in jobs directly supported by European investment between 2002 and 2006, while 33 states registered net losses.

The states recording the biggest percentage gains were led by Nevada (50% increase), Arizona and Montana (25% increase), Idaho (22%), Washington (21%) and Iowa (21%).

Ranking of U.S. States Benefiting from European Investment

Ranking of States by European Direct Investment (\$ billions, 2006)		Ranking of States by Jobs Supported Directly by European Investment (Thousands of employees, 2006)	
U.S. State	European Direct Investment (FDI)	U.S. State	Employees
Texas	59.6	California	346.7
California	51.8	New York	282.6
New York	40.1	Texas	233.5
Michigan	31.9	Pennsylvania	184.8
New Jersey	27.4	New Jersey	173.9
Indiana	24.3	Illinois	169.6
Illinois	24.2	Florida	167.0
Pennsylvania	24.2	North Carolina	156.3
Ohio	20.7	Michigan	141.4
North Carolina	17.8	Ohio	133.6
South Carolina	17.2	Massachusetts	117.7
Massachusetts	16.2	Georgia	113.2
Kentucky	15.1	Virginia	110.1
Florida	14.9	Indiana	96.8
Virginia	13.9	Maryland	86.4
Louisiana	12.8	South Carolina	84.8
Georgia	12.6	Connecticut	80.0
Missouri	12.5	Tennessee	75.7
Alabama	12.2	Wisconsin	64.4
Wisconsin	11.2	Missouri	60.8
Washington	9.9	Washington	56.6
Connecticut	9.0	Minnesota	51.8
Colorado	8.3	Kentucky	48.2
Tennessee	8.2	Arizona	47.4
Maryland	8.1	Colorado	47.1
Wyoming	7.3	Alabama	41.7
Utah	5.9	Louisiana	31.7
Oklahoma	5.8	Oregon	30.6
Minnesota	5.7	Iowa	30.3
Arizona	5.1	New Hampshire	29.9
Kansas	4.2	Kansas	28.0
Iowa	4.1	Utah	27.5
West Virginia	3.6	Oklahoma	23.1
New Hampshire	3.6	Nevada	21.8
Delaware	3.5	Arkansas	21.7
Oregon	3.4	Maine	19.4
Mississippi	3.3	Delaware	18.0
Arkansas	3.3	Rhode Island	14.9
Rhode Island	3.0	Mississippi	13.7
Maine	2.6	West Virginia	12.4
Nevada	1.9	Idaho	11.1
Montana	1.6	Nebraska	10.3
Idaho	1.4	Hawaii	8.7
Nebraska	1.0	New Mexico	8.0
Vermont	1.0	Vermont	6.7
Hawaii	0.7	Montana	5.5
North Dakota	0.5	Alaska	5.0
South Dakota	0.4	Wyoming	4.5
New Mexico	N/A	North Dakota	4.3
Alaska	N/A	South Dakota	3.0

Source: Bureau of Economic Analysis

Ranking of U.S. States Benefiting from European Investment

Ranking of States by Change in European Direct Investment (\$ billions, % change)

Ranking of States by Change in Jobs Supported Directly by European Investment (Thousands of employees)

U.S. State	Ranking of States by Change in European Direct Investment (\$ billions, % change)			U.S. State	Ranking of States by Change in Jobs Supported Directly by European Investment (Thousands of employees)		
	2002	2006	% chg. '00-'06		2002	2006	% chg. '00-'06
Montana	0.8	1.6	113%	Nevada	14.5	21.8	50%
Rhode Island	2.2	3.0	34%	Arizona	37.8	47.4	25%
Washington	7.4	9.9	33%	Montana	4.4	5.5	25%
South Dakota	0.3	0.4	31%	Idaho	9.1	11.1	22%
Iowa	3.2	4.1	28%	Washington	46.6	56.6	21%
Arkansas	2.5	3.3	28%	Iowa	25.1	30.3	21%
New Jersey	21.6	27.4	27%	Kansas	23.9	28.0	17%
Indiana	19.5	24.3	25%	North Dakota	3.8	4.3	13%
Kentucky	12.2	15.1	23%	Utah	25.2	27.5	9%
Missouri	10.4	12.5	21%	Indiana	90.0	96.8	8%
California	44.4	51.8	17%	Oklahoma	22.0	23.1	5%
Mississippi	2.9	3.3	13%	Louisiana	30.4	31.7	4%
Maryland	7.2	8.1	13%	Pennsylvania	178.5	184.8	4%
Pennsylvania	21.8	24.2	11%	Tennessee	73.2	75.7	3%
Ohio	18.8	20.7	10%	Virginia	107.1	110.1	3%
Kansas	3.8	4.2	9%	Texas	228.9	233.5	2%
Maine	2.4	2.6	9%	Florida	166.6	167.0	0%
South Carolina	15.8	17.2	9%	Kentucky	48.6	48.2	-1%
Michigan	29.4	31.9	9%	Maryland	87.3	86.4	-1%
Minnesota	5.3	5.7	8%	Delaware	18.3	18.0	-2%
Oklahoma	5.4	5.8	8%	New Jersey	176.8	173.9	-2%
Virginia	12.9	13.9	7%	Ohio	137.1	133.6	-3%
Alabama	11.5	12.2	6%	Michigan	145.4	141.4	-3%
New Hampshire	3.4	3.6	4%	New York	290.6	282.6	-3%
Tennessee	7.8	8.2	4%	Alaska	5.2	5.0	-4%
Florida	14.5	14.9	3%	Colorado	49.1	47.1	-4%
Nevada	1.9	1.9	2%	New Mexico	8.4	8.0	-5%
New York	39.6	40.1	1%	Minnesota	54.7	51.8	-5%
Colorado	8.1	8.3	1%	Oregon	32.7	30.6	-6%
Arizona	5.0	5.1	1%	Connecticut	86.4	80.0	-7%
Louisiana	12.7	12.8	1%	New Hampshire	32.4	29.9	-8%
Connecticut	8.9	9.0	1%	Illinois	184.1	169.6	-8%
North Carolina	17.7	17.8	1%	Missouri	66.5	60.8	-9%
Illinois	24.1	24.2	0%	Mississippi	15.1	13.7	-9%
Vermont	1.0	1.0	0%	Arkansas	24.0	21.7	-10%
Texas	60.5	59.6	-2%	California	385.2	346.7	-10%
Wisconsin	11.5	11.2	-3%	North Carolina	173.8	156.3	-10%
Nebraska	1.1	1.0	-7%	Nebraska	11.7	10.3	-12%
Wyoming	8.2	7.3	-10%	Hawaii	9.9	8.7	-12%
Georgia	14.2	12.6	-12%	Georgia	129.9	113.2	-13%
Idaho	1.5	1.4	-12%	Maine	23.4	19.4	-17%
Hawaii	0.8	0.7	-13%	Wisconsin	79.5	64.4	-19%
Massachusetts	18.6	16.2	-13%	Vermont	8.3	6.7	-19%
Delaware	4.3	3.5	-19%	South Carolina	105.6	84.8	-20%
West Virginia	5.8	3.6	-38%	Massachusetts	148.6	117.7	-21%
Oregon	5.5	3.4	-38%	Alabama	53.6	41.7	-22%
Utah	9.6	5.9	-39%	Wyoming	6.3	4.5	-29%
North Dakota	N/A	0.5	N/A	West Virginia	17.7	12.4	-30%
New Mexico	3.6	N/A	N/A	Rhode Island	22.9	14.9	-35%
Alaska	N/A	N/A	N/A	South Dakota	4.8	3.0	-38%

Source: Bureau of Economic Analysis

Trade Linkages: European Multinationals and American States

Virtually every U.S. state maintains cross border trade ties with Europe. Indeed, Europe is a key export market for many U.S. states, a role that grants even more economic benefits to states, ranging from income growth to the creation of jobs. Since U.S. exports have been a key driver of economic growth over the past few years, rising exports to Europe were a critical ingredient of U.S. growth throughout 2007 and the first half of 2008. However, the recent strength of the U.S. dollar against the euro, coupled with the economic slowdown in Europe, has slowed the pace of U.S. export growth to Europe over the past six months. 2009 will be challenging for U.S. and European exporters of goods and services.

For 2007 (which our survey covers and the latest data available), U.S. exports to Europe remained quite strong. Indeed, 28 states posted double-digit export growth to Europe for the year, among the strongest annual export performances in years. Overall, U.S. exports to Europe rose by more than 15% in 2007, on top of more than 16% growth in 2006.

California, the largest exporter among U.S. states, exported nearly \$29 billion in goods to Europe in 2007. Europe represents one of the largest markets in the world for information technology, and technology firms in California and such states as New York, Colorado and Oregon have seen exports of computers and related parts to Europe expand sharply over the past few years. Texas and New York are also sizable exporters to Europe. Texas exports to Europe totaled \$22.7 billion in 2007, while exports from New York were slightly higher at \$23.7 billion. The composition of exports runs the gamut—from machinery to chemicals to pulp and paper. The United Kingdom was the top European export market for seventeen states in 2007. Germany was second, the top European export market for sixteen states. In general, Europe is one of the largest markets in the world for a host of U.S. goods, ranging from agricultural products to high tech goods. By commodity, sharp increases were recorded for such exports as chemicals, transportation equipment, computers, processed foods and paper products.

The deep transatlantic linkages forged by investment and trade flows are underscored by the important ties such states as Alabama, Michigan and South Carolina have with European automobile manufacturers. In many cases, trade flows represent “related party” trade, which are trade flows that stay within the ambit of the company. In this respect, European affiliates in the U.S. are significant exporters in their own right, contributing to U.S. export outflows.

Ranking of U.S. States Total Exports to Europe, by Value, 2007
(\$ billions, 2007)

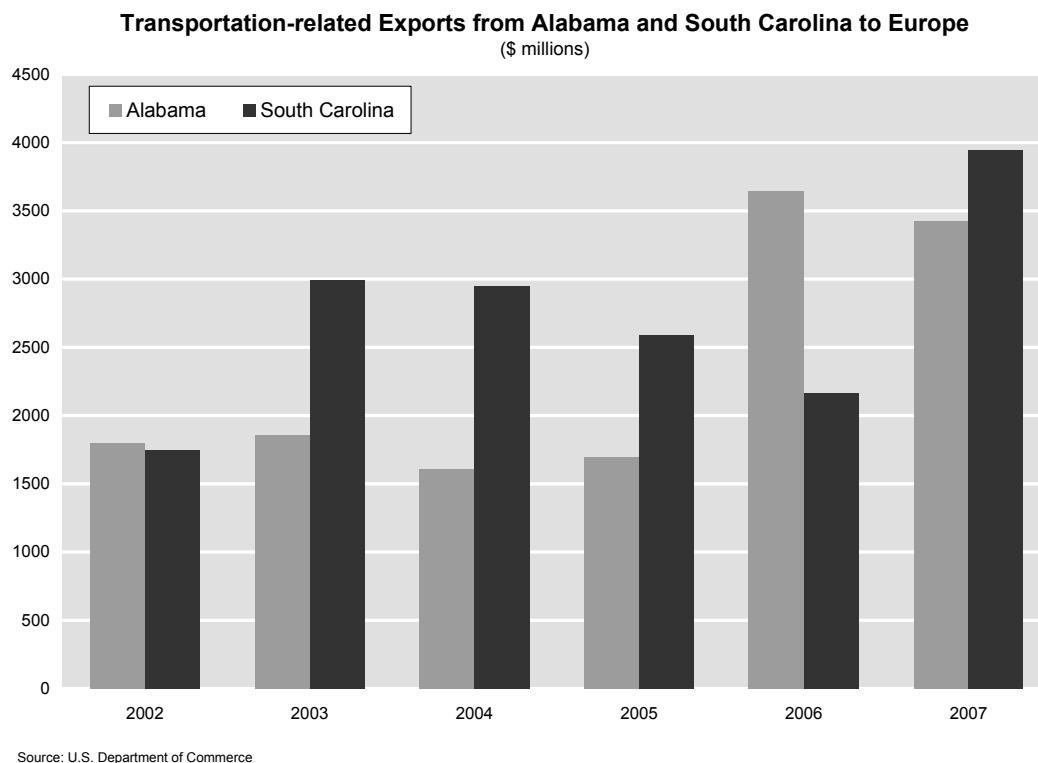
U.S. State	2000	2007	% Change from year ago	% Change from 2000
California	27.2	28.9	12%	6%
New York	15.0	23.7	29%	57%
Texas	11.4	22.7	23%	98%
Illinois	7.1	12.5	19%	77%
Washington	12.5	11.8	27%	-5%
Puerto Rico	5.6	11.0	28%	96%
New Jersey	6.3	10.7	9%	71%
Massachusetts	7.8	10.4	3%	33%
Ohio	4.9	7.4	12%	52%
Pennsylvania	4.5	7.4	12%	63%
South Carolina	2.7	6.9	44%	154%
Indiana	3.1	6.9	16%	122%
Georgia	3.8	6.7	29%	74%
Florida	3.7	6.3	15%	71%
Connecticut	3.5	5.9	12%	70%
Virginia	3.6	5.8	17%	62%
Kentucky	2.8	5.7	20%	99%
Alabama	2.4	5.6	-4%	130%
Minnesota	3.2	5.3	4%	66%
North Carolina	4.5	5.1	12%	14%
Michigan	4.9	4.9	4%	-1%
Tennessee	2.7	4.9	11%	82%
Louisiana	3.2	4.8	26%	51%
Arizona	2.9	4.1	8%	42%
Utah	1.3	3.9	3%	203%
Wisconsin	2.3	3.9	11%	66%
Nevada	0.3	3.2	-2%	1029%
Kansas	1.0	2.6	22%	153%
Maryland	1.7	2.6	16%	51%
Oregon	1.8	2.0	10%	8%
Missouri	1.5	1.9	0%	29%
Delaware	0.5	1.6	-14%	215%
Iowa	1.1	1.6	11%	46%
Colorado	2.3	1.6	7%	-30%
Arkansas	0.4	1.4	4%	237%
West Virginia	0.7	1.1	11%	70%
New Hampshire	0.9	1.0	2%	13%
Mississippi	0.7	1.0	-4%	47%
Alaska	0.2	0.9	-3%	289%
Oklahoma	0.5	0.6	18%	21%
Nebraska	0.4	0.5	2%	43%
Rhode Island	0.3	0.5	19%	51%
Idaho	0.9	0.4	5%	-53%
North Dakota	0.2	0.4	9%	103%
Maine	0.3	0.4	17%	30%
Vermont	0.9	0.3	-16%	-64%
New Mexico	0.2	0.3	4%	58%
Montana	0.1	0.2	19%	82%
South Dakota	0.2	0.2	1%	-26%
Wyoming	0.0	0.1	20%	170%
Hawaii	0.0	0.0	-10%	123%
Unallocated	10.7	6.7	14%	-37%
U.S. Total	181.3	267.1	15%	47%

Source: Bureau of Economic Analysis

**Ranking of U.S. States Total Exports to Europe,
by Percentage Change 2000-2007
(\$ billions, 2007)**

U.S. State	2000	2007	% Change from year ago	% Change from 2000
Nevada	0.3	3.2	-2%	1029%
Alaska	0.2	0.9	-3%	289%
Arkansas	0.4	1.4	4%	237%
Delaware	0.5	1.6	-14%	215%
Utah	1.3	3.9	3%	203%
Wyoming	0.0	0.1	20%	170%
South Carolina	2.7	6.9	44%	154%
Kansas	1.0	2.6	22%	153%
Alabama	2.4	5.6	-4%	130%
Hawaii	0.0	0.0	-10%	123%
Indiana	3.1	6.9	16%	122%
North Dakota	0.2	0.4	9%	103%
Kentucky	2.8	5.7	20%	99%
Texas	11.4	22.7	23%	98%
Puerto Rico	5.6	11.0	28%	96%
Tennessee	2.7	4.9	11%	82%
Montana	0.1	0.2	19%	82%
Illinois	7.1	12.5	19%	77%
Georgia	3.8	6.7	29%	74%
New Jersey	6.3	10.7	9%	71%
Florida	3.7	6.3	15%	71%
West Virginia	0.7	1.1	11%	70%
Connecticut	3.5	5.9	12%	70%
Wisconsin	2.3	3.9	11%	66%
Minnesota	3.2	5.3	4%	66%
Pennsylvania	4.5	7.4	12%	63%
Virginia	3.6	5.8	17%	62%
New Mexico	0.2	0.3	4%	58%
New York	15.0	23.7	29%	57%
Ohio	4.9	7.4	12%	52%
Louisiana	3.2	4.8	26%	51%
Rhode Island	0.3	0.5	19%	51%
Maryland	1.7	2.6	16%	51%
Mississippi	0.7	1.0	-4%	47%
Iowa	1.1	1.6	11%	46%
Nebraska	0.4	0.5	2%	43%
Arizona	2.9	4.1	8%	42%
Massachusetts	7.8	10.4	3%	33%
Maine	0.3	0.4	17%	30%
Missouri	1.5	1.9	0%	29%
Oklahoma	0.5	0.6	18%	21%
North Carolina	4.5	5.1	12%	14%
New Hampshire	0.9	1.0	2%	13%
Oregon	1.8	2.0	10%	8%
California	27.2	28.9	12%	6%
Michigan	4.9	4.9	4%	-1%
Washington	12.5	11.8	27%	-5%
South Dakota	0.2	0.2	1%	-26%
Colorado	2.3	1.6	7%	-30%
Idaho	0.9	0.4	5%	-53%
Vermont	0.9	0.3	-16%	-64%
Unallocated	10.7	6.7	14%	-37%
U.S. Total	181.3	267.1	15%	47%

Source: Bureau of Economic
Analysis



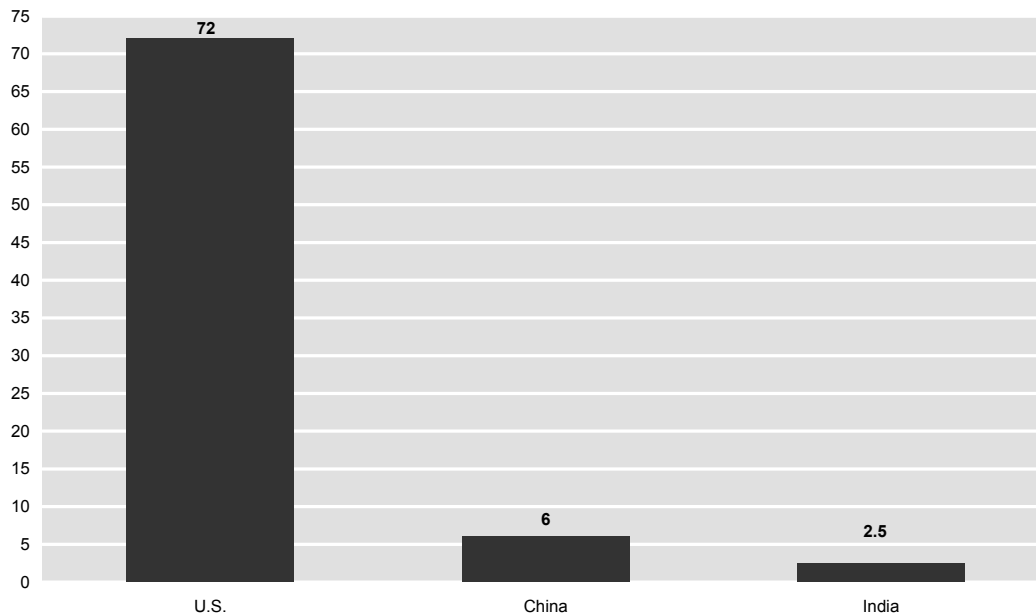
European FDI Abroad: The U.S. versus the Rest of the World

While previous surveys have focused just on Europe’s investment in the United States in isolation, the following presents a brief look at the EU’s foreign direct investment position on a global basis.

The first point to highlight is that in terms of FDI flows and outward stock, the United States remains the primary destination of EU investment. Based on data from Eurostat, the U.S. was the top recipient of extra-EU FDI flows in 2006, which is the last year of available data. Outflows to the U.S. totaled €72 billion, 28% of the extra-EU total, followed by Canada (11.7%), Switzerland (8%) and Russia (4%). In terms of capital stock, the EU’s investment stock in the United States rose by over 21% between 2002 and 2006, with the U.S. accounting for roughly 35% of extra-EU FDI stock abroad.

Of particular interest is the spread between European investment in the United States on the one hand versus EU investment in China and India on the other. Simply put, there is no comparison—in 2006, EU investment in the U.S. totaled €72 billion versus total combined investment of €8.5 billion in China and India. Investment in China totaled €6 billion, while EU investment in India tallied just €2.5 billion. There was more European investment in the state of Wyoming or the state of Utah than total European investment in China and India put together.

EU FDI Outflows
(EUR, billions)



Source: Eurostat
Data for 2006

In terms of EU FDI assets in each country, again the gap is huge. EU investment assets in the U.S. totaled €934 billion in 2006; in China, the comparable figure was €33 billion, or roughly 4% of EU investment stock in the United States. Europe invests considerably more in California than it does in China. Overall European investment in China is somewhat less than German investment alone in the American Southeast. India's total was even smaller, amounting to €13 billion in 2004 – about the same as European investment in Massachusetts, or French investment alone in the American Mid-Atlantic states.

EU FDI Assets

EUR, billions

	2001	2002	2003	2004	2005	2006
U.S.	915	760	748	816	850	934
China	19	20	19	23	28	33
India	6	6	7	9	11	13

Source: Eurostat

The bottom line is that contrary to popular perception, U.S. and European multinationals continue to prefer each other's market when it comes to investing overseas. The notion that the U.S. and Europe are decamping from each other's markets for the low-cost destinations of China and India is wide of the mark. While the transatlantic economy has entered recession, portending a decline in cross-border investment flows over the near term, we believe that U.S. and European investment will continue to focus primarily on each other's market.

Alabama and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Alabama supported 41,700 jobs in 2006; 50% of the jobs were in manufacturing which is up significantly from 42% in 2002. German-owned Siemens is one of the top 50 employers in the state.

Investment

Of the \$20.5 billion invested in Alabama in 2006, nearly 60%, or \$12.2 billion came from Europe.

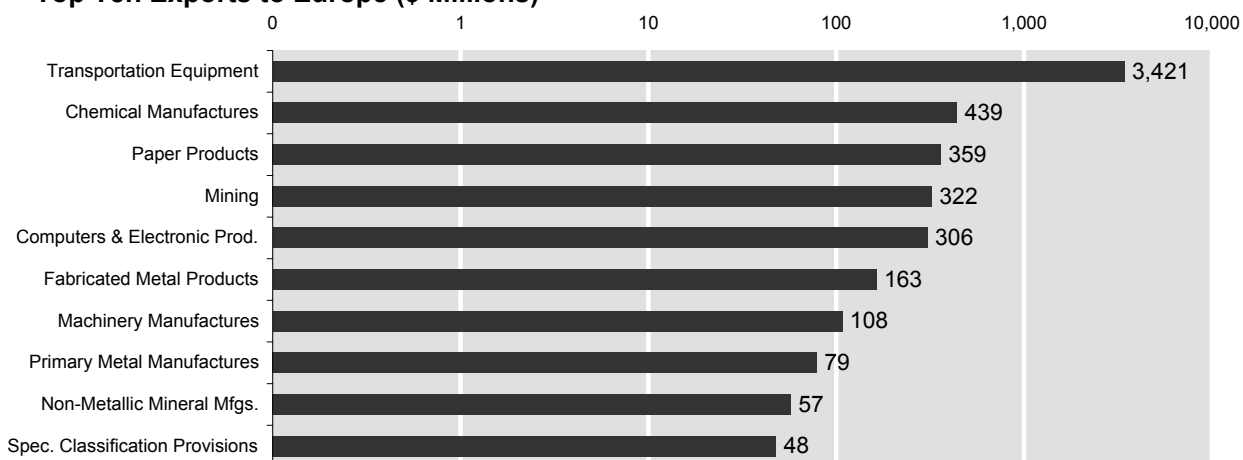
Sources of FDI within Alabama, 2006	
Country	FDI (\$ Millions)
Germany	4,233
Japan	3,936
United Kingdom	2,333
France	2,172
Canada	1,900

Trade

In 2007, Europe purchased \$5.5 billion worth of goods from Alabama. Sixty percent of total exports represented transportation equipment, up from 40% in 2000, reflecting the state's strengthening linkages with European auto manufacturers.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	3,303
United Kingdom	733
Netherlands	341
France	309
Italy	159

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Alaska and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Alaska supported 5,000 jobs in 2006; 4% of the jobs were in manufacturing.

Investment

Alaska receives nearly all of its inward foreign direct investment from Canada and Japan.

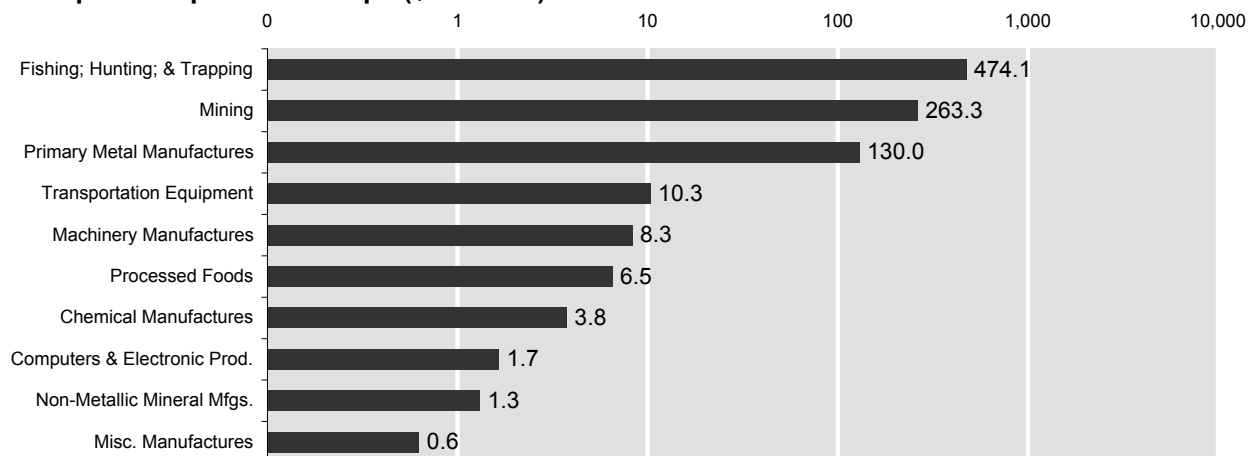
Sources of FDI within Alaska, 2006	
Country	FDI (\$ Millions)
Canada	1,494
Japan	1,033
Germany	44
Italy	23
Switzerland	11

Trade

In 2007, Europe purchased \$902 million worth of goods from Alaska. This is up nearly four-fold from what Europe purchased in 2000. The bulk of exports from Alaska consists of primary commodities.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	202
Spain	143
Switzerland	132
Netherlands	114
Finland	66

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Arizona and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Arizona supported 47,400 jobs in 2006; 12% of the jobs were in manufacturing.

Investment

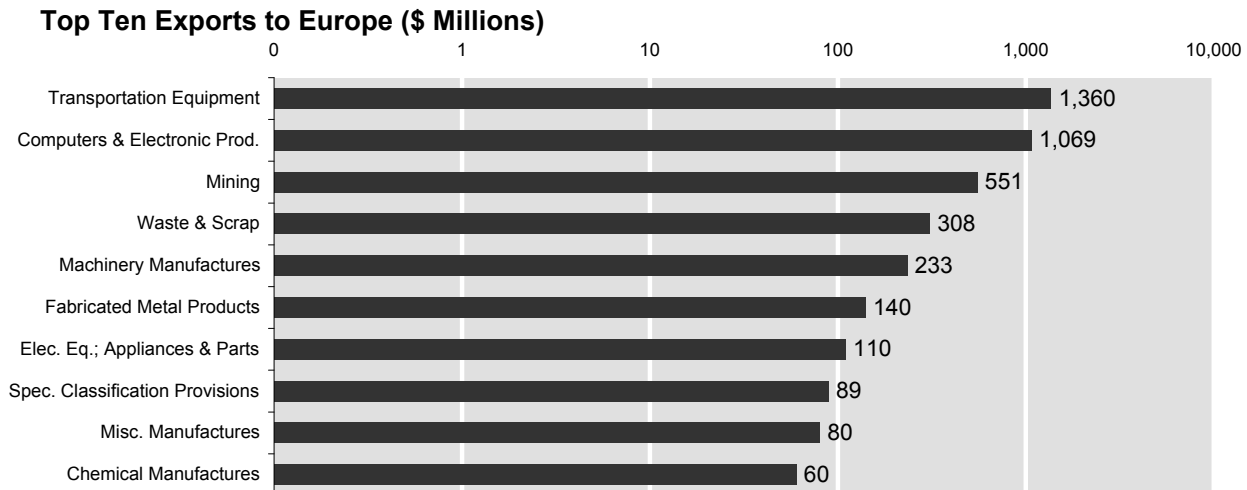
Of the \$12 billion invested in Arizona in 2006, 43%, or \$5.1 billion came from Europe. This is down from 54% in 2000. Japan and Australia surpassed German investment in Arizona in 2006.

Sources of FDI within Arizona, 2006	
Country	FDI (\$ Millions)
Japan	1,981
Australia	1,970
Germany	1,765
Canada	1,242
Netherlands	1,204

Trade

In 2007, Europe purchased \$4.1 billion worth of goods from Arizona. At 60% of the total Arizona's exports of transportation equipment and computer/electronic goods continue to flow predominately to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	803
Netherlands	792
Germany	755
France	495
Ireland	203



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Arkansas and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Arkansas supported 21,700 jobs in 2006; 64% of the jobs were in manufacturing. That is up from 53% supported by European investment in 2000. French-owned Dessault Falcon Jet Corp. is one of the top 50 employers in the state.

Investment

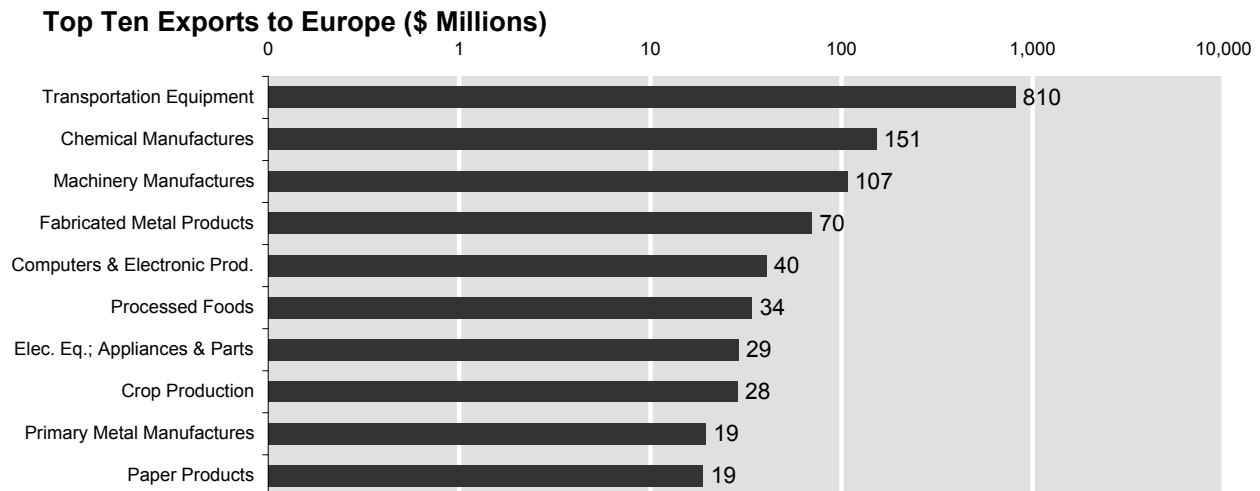
Of the \$6 billion invested in Arkansas in 2006, over 54%, or \$3.3 billion came from Europe.

Sources of FDI within Arkansas, 2006	
Country	FDI (\$ Millions)
France	967
Japan	649
Switzerland	459
United Kingdom	363
Germany	260

Trade

In 2007, Europe purchased \$1.4 billion worth of goods from Arkansas. Transportation equipment exports to Europe on average have grown nearly 67% each year from 2000 to 2007

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
France	214
United Kingdom	192
Germany	141
Belgium	138
Portugal	105



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

California and Europe Employment, Investment, and Trade Linkages

Employment

European investment in California supported 346,700 jobs in 2006; 23% of the jobs were in manufacturing. BP and Siemens are two of the largest employers in the state.

Investment

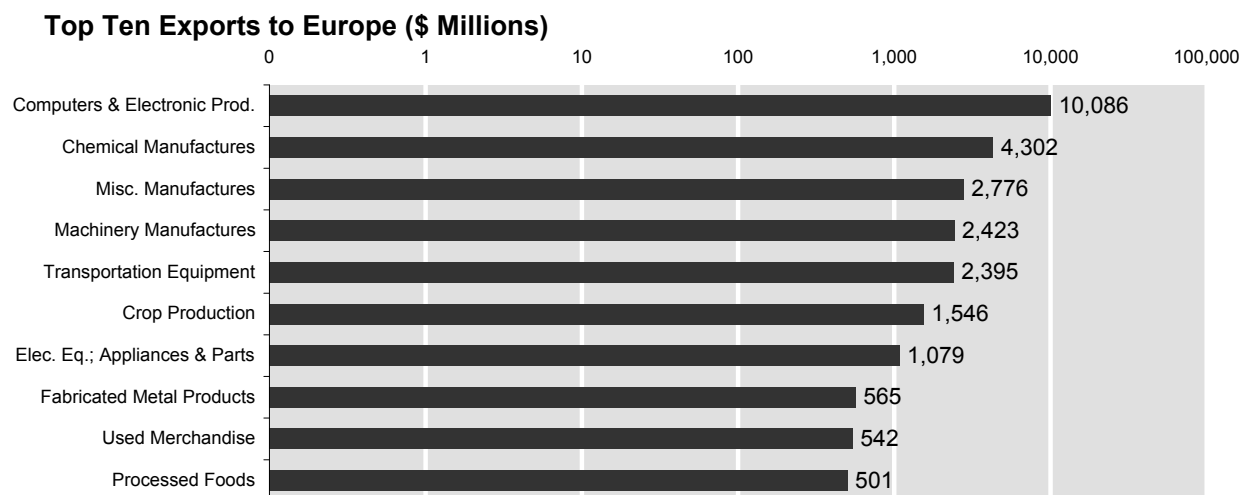
Of the \$103.4 billion invested in California in 2006, 50%, or \$51.8 billion came from Europe. Japan remains the largest single investor in the state.

Sources of FDI within California, 2006	
Country	FDI (\$ Millions)
Japan	23,773
United Kingdom	16,451
Germany	10,809
Switzerland	9,382
Australia	8,202

Trade

In 2007, Europe purchased \$28.8 billion worth of goods from California. While more than a third of Californian exports to Europe consists of high-tech goods, they have fallen 30% since 2000. Of the top ten exports, chemical manufactures have grown the fastest, nearly 15% per year, since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	5,560
United Kingdom	5,217
Netherlands	4,077
France	2,718
Italy	2,044



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Colorado and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Colorado supported 47,100 jobs in 2006; 62% of the jobs were in manufacturing. This is significantly up from 27% in 2002.

Investment

Of the \$24.7 billion invested in Colorado in 2006, 33%, or \$8.3 billion came from Europe. Europe's share of investment in the state is down substantially from more than 60% in 2000, this reflects, in part, soaring FDI from Canadian energy and mining companies.

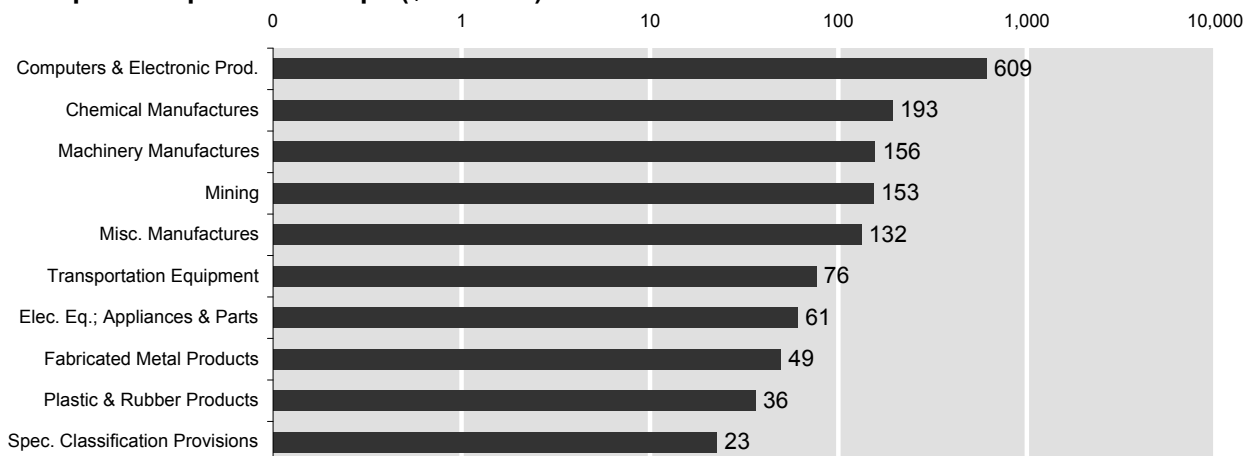
Sources of FDI within Colorado, 2006	
Country	FDI (\$ Millions)
Canada	13,974
United Kingdom	3,802
Switzerland	1,703
Netherlands	933
Japan	654

Trade

In 2007, Europe purchased nearly \$1.6 billion worth of goods from Colorado. While exports of high-tech goods like computers and electronic products are the state's top export to Europe, exports in this category have fallen 63% since 2000. Mining and misc. manufactures have been the fastest growing export categories since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	315
Netherlands	294
United Kingdom	254
France	183
Switzerland	137

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Connecticut and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Connecticut supported 80,000 jobs in 2006; 76% of the jobs were in manufacturing. German-owned pharmaceutical companies and a French power company are some of the top 50 employers in the state.

Investment

Of the \$13.4 billion invested in Connecticut in 2006, 67%, or \$9 billion came from Europe. The Netherlands has overtaken Germany as the top source of FDI within the state.

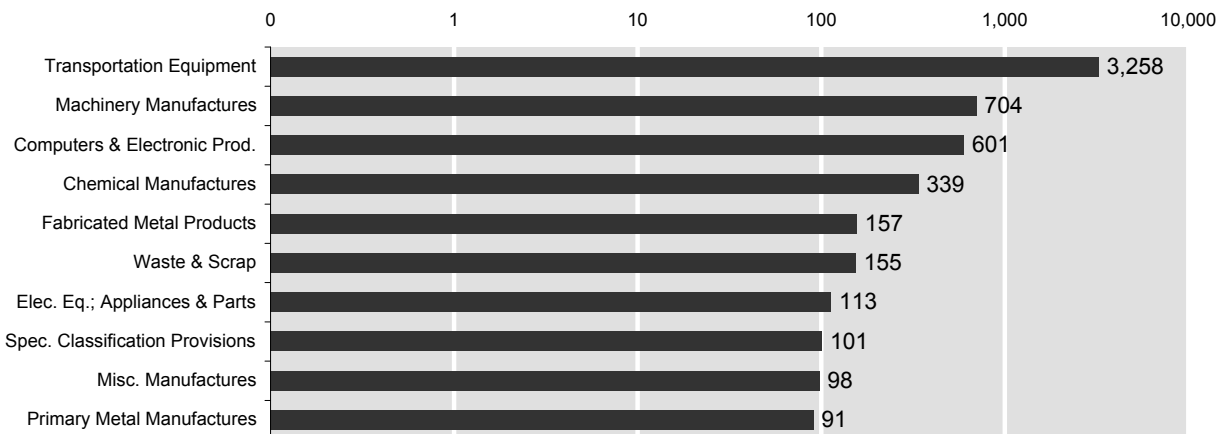
Sources of FDI within Connecticut, 2006	
Country	FDI (\$ Millions)
Netherlands	2,483
Germany	2,480
United Kingdom	1,798
Australia	1,330
Japan	986

Trade

In 2007, Europe purchased \$5.9 billion worth of goods from Connecticut. Transportation equipment still constitutes more than half of the state's exports to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	1,451
France	1,411
United Kingdom	855
Netherlands	471
Belgium	451

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Delaware and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Delaware supported 18,000 jobs in 2006, down from nearly 19,000 last year. Some of the largest employers in the state are German chemicals and British financial and pharmaceutical companies.

Investment

Of the \$5.3 billion invested in Delaware in 2006, 67%, or \$3.5 billion came from Europe.

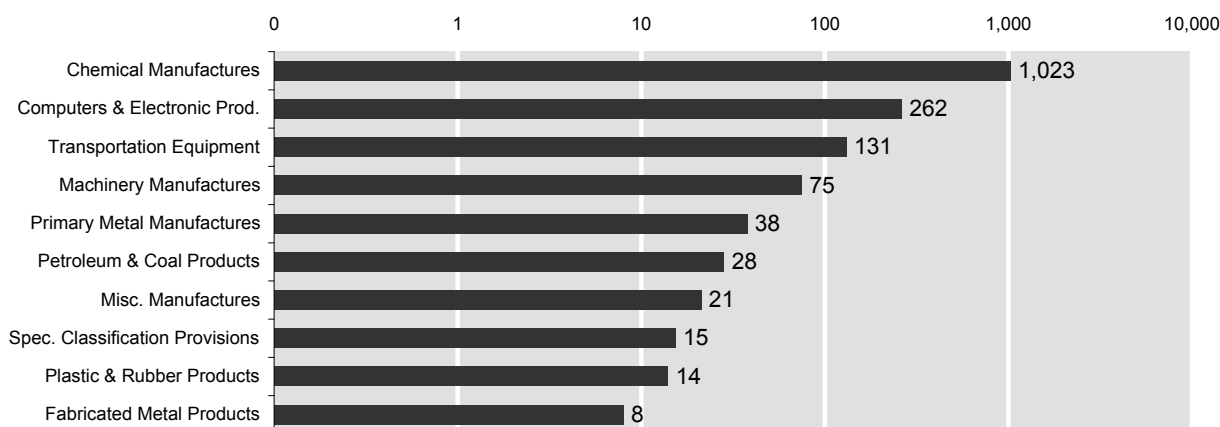
Sources of FDI within Delaware, 2006	
Country	FDI (\$ Millions)
United Kingdom	1,500
Germany	1,252
Canada	631
France	227
Japan	150

Trade

In 2007, Europe purchased \$1.6 billion worth of goods from Delaware. This is down from nearly \$2 billion last year but up more than 300% from the start of the decade. Chemicals are Delaware's primary export to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	856
Germany	467
Belgium	107
Netherlands	88
Ireland	27

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Florida and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Florida supported 167,000 jobs in 2006; nearly 14% of the jobs were in manufacturing.

Investment

Of the \$30.3 billion invested in Florida in 2006, 50%, or \$15 billion came from Europe.

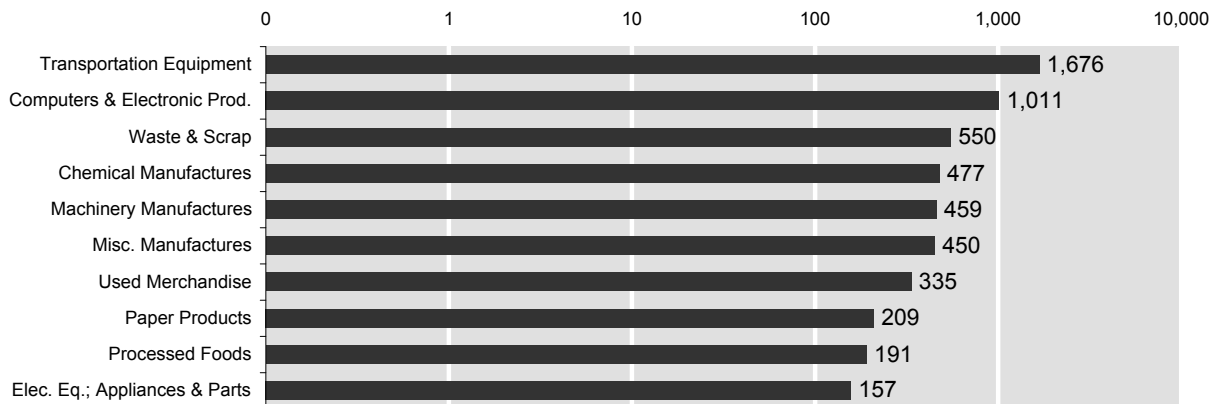
Sources of FDI within Florida, 2006	
Country	FDI (\$ Millions)
Germany	3,805
Japan	3,789
United Kingdom	3,691
Canada	2,994
Australia	2,772

Trade

In 2007, Europe purchased \$6.3 billion worth of goods from Florida. While computers and transport account for 42% of Florida's exports to Europe, exports of waste and scrap have grown the fastest out of the top ten exports since the start of this decade.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	1,195
Germany	1,092
Netherlands	788
Switzerland	624
France	477

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Georgia and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Georgia supported 113,200 jobs in 2006, down nearly 13% from 129,900 in 2002. 25% of these jobs were in manufacturing.

Investment

Of the \$23.3 billion invested in Georgia in 2006, 54%, or \$12.6 billion came from Europe. Japan remains the largest single foreign investor in the state, followed by Germany.

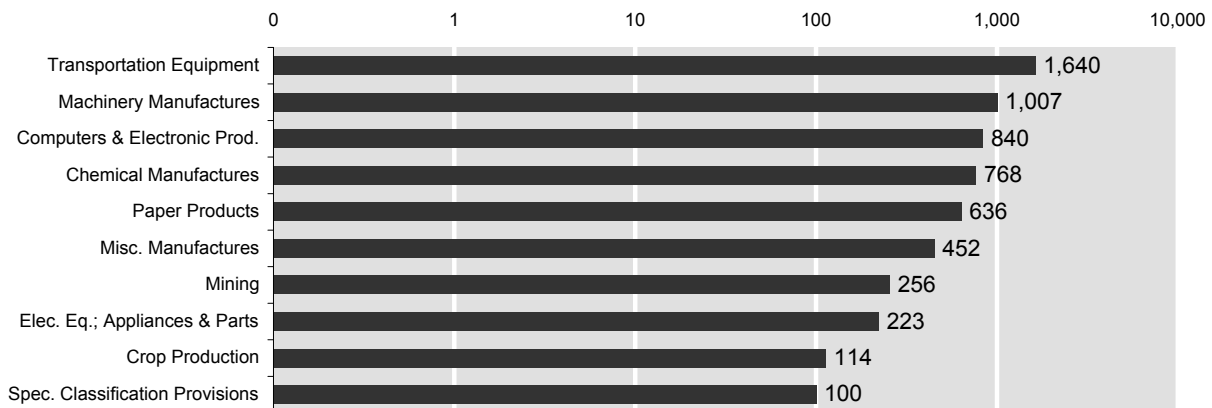
Sources of FDI within Georgia, 2006	
Country	FDI (\$ Millions)
Japan	4,549
Germany	3,584
Canada	2,193
United Kingdom	2,152
France	2,127

Trade

In 2007, Europe purchased \$6.7 billion worth of goods from Georgia. Exports are broadly diversified among such categories as transportation equipment, chemicals, and computers

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	1,247
Germany	1,114
Netherlands	981
Belgium	551
Italy	531

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Hawaii and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Hawaii supported 8,700 jobs in 2006; 8% of the jobs were in manufacturing.

Investment

Of the \$5.6 billion invested in Hawaii in 2006, 13%, or \$700 million came from Europe. The state's investment ties are quite strong with Asia.

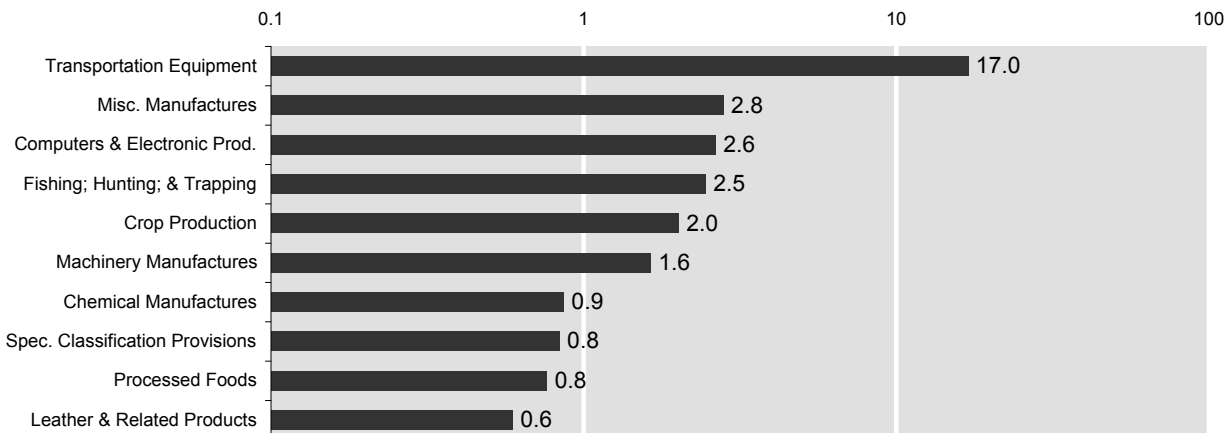
Sources of FDI within Hawaii, 2006	
Country	FDI (\$ Millions)
Japan	4,200
France	270
Germany	202
Canada	107
Italy	76

Trade

In 2007, Europe purchased \$33 million worth of goods from Hawaii. Exports to Europe are relatively small in value, though just in the present decade have become heavily weighted towards transportation equipment, growing on average 66% each year since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	16
Germany	5
Netherlands	3
France	2
Italy	2

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Idaho and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Idaho supported 13,000 jobs in 2006; 30% of the jobs were in manufacturing.

Investment

Of the \$2.1 billion invested in Idaho in 2006, 64%, or \$1.4 billion came from Europe, down from \$2.1 billion the year before and just below the \$1.5 billion invested in 2002.

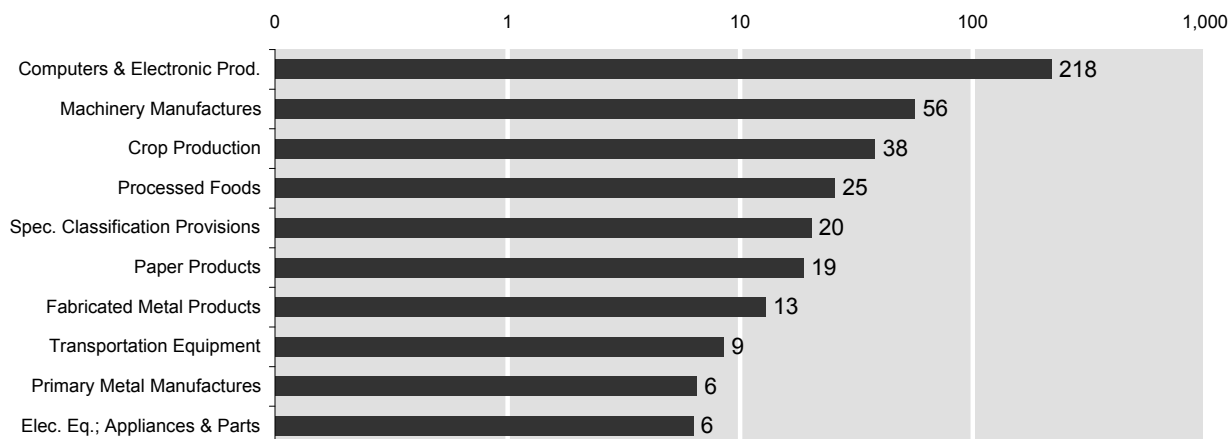
Sources of FDI within Idaho, 2006	
Country	FDI (\$ Millions)
Canada	685
United Kingdom	176
Germany	100
Switzerland	68
Japan	62

Trade

In 2007, Europe purchased \$422 million worth of goods from Idaho, falling this decade from nearly \$900 million in 2000. While computers and electronic products remain the state's greatest exports to Europe by value, they have fallen 73% since 2000, while exports of processed foods and primary metal manufacturers have grown the fastest since the beginning of the decade.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	171
Netherlands	64
France	49
Italy	38
Germany	37

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Illinois and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Illinois supported 169,600 jobs in 2006; 25% of the jobs were in manufacturing. British-owned oil and German-owned pharmaceutical companies are significant employers in the state.

Investment

Of the \$43.3 billion invested in Illinois in 2006, 56%, or \$24.2 billion came from Europe.

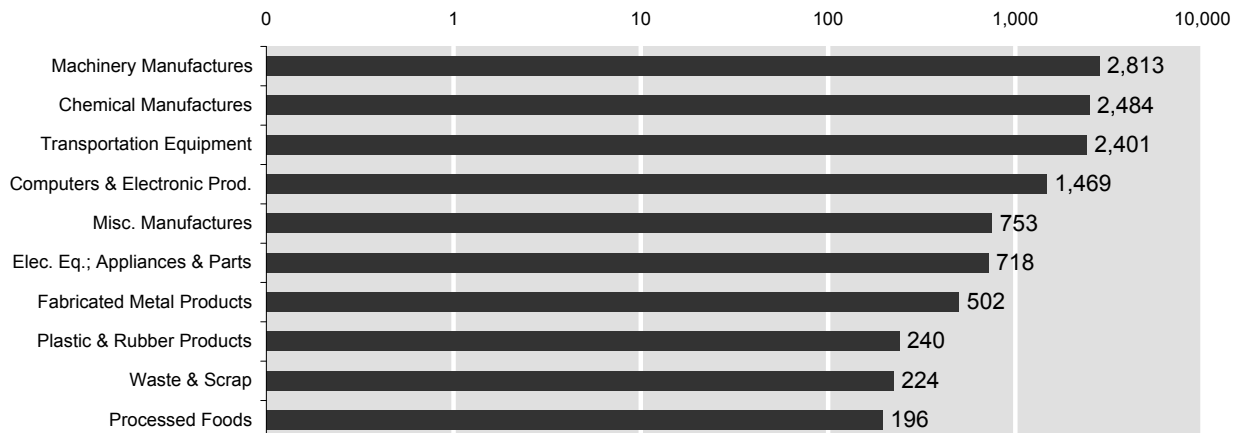
Sources of FDI within Illinois, 2006	
Country	FDI (\$ Millions)
Japan	7,845
Germany	7,651
United Kingdom	7,392
Canada	4,792
Australia	2,637

Trade

In 2007, Europe purchased \$12.5 billion worth of goods from Illinois, nearly double the amount purchased in 2000. Exports are concentrated in machinery and chemical manufacturers and transportation equipment.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	2,334
United Kingdom	2,225
Netherlands	2,194
Belgium	1,662
France	1,305

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Indiana and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Indiana supported 96,800 jobs in 2006; 51% of the jobs were in manufacturing. German-owned affiliates in the pharmaceutical and auto sectors are some of the largest employers in the state.

Investment

Of the \$37.2 billion invested in Indiana in 2006, 65%, or \$24.3 billion came from Europe, up 25% since 2002.

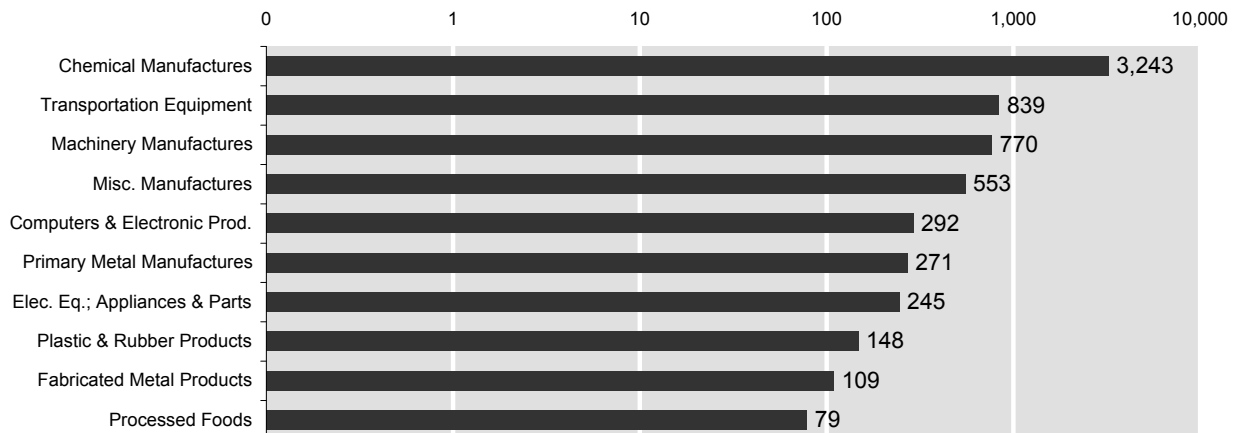
Sources of FDI within Indiana, 2006	
Country	FDI (\$ Millions)
Japan	9,881
Germany	7,878
United Kingdom	6,111
Netherlands	5,964
France	1,367

Trade

In 2007, Europe purchased \$5.8 billion worth of goods from Indiana. Exports are concentrated in chemicals, growing more than 200% from 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	1,900
France	1,501
Germany	1,100
Netherlands	462
Belgium	436

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Iowa and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Iowa supported 30,300 jobs in 2006; 35% of the jobs were in manufacturing, down from 45% in 2002.

Investment

Of the \$6.8 billion invested in Iowa in 2006, 61%, or \$4.1 billion came from Europe.

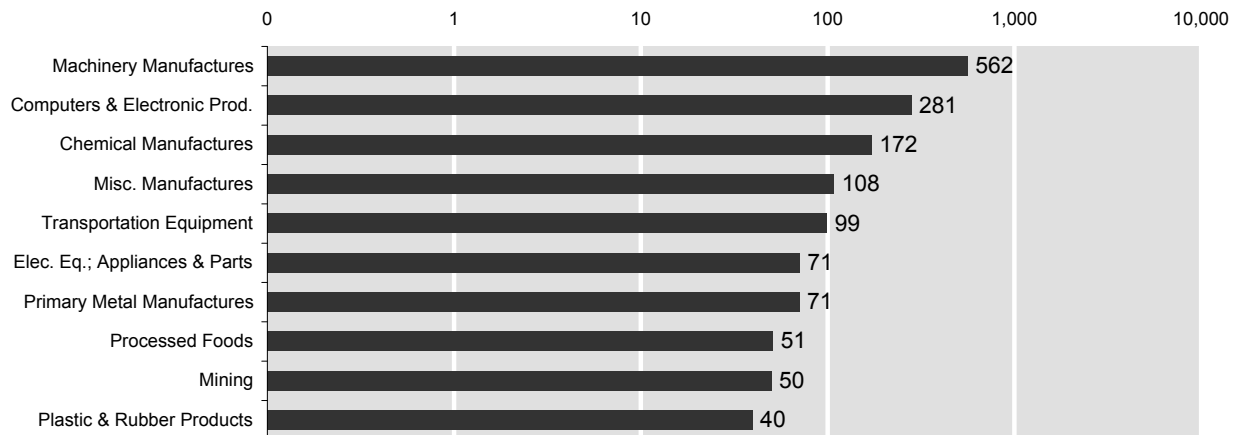
Sources of FDI within Iowa, 2006	
Country	FDI (\$ Millions)
Canada	1,297
France	1,066
Germany	856
United Kingdom	779
Japan	715

Trade

In 2007, Europe purchased \$1.6 billion worth of goods from Iowa. The state's exports to the European Union are spread across industries related to machinery, computers and electronic products and manufactures.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	452
United Kingdom	268
France	247
Netherlands	185
Italy	73

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Kansas and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Kansas supported 23,300 jobs in 2004; 31% of the jobs were in manufacturing, down from nearly 40% in 2002.

Investment

Of the \$6.5 billion invested in Kansas in 2006, 63%, or \$4.2 billion came from Europe.

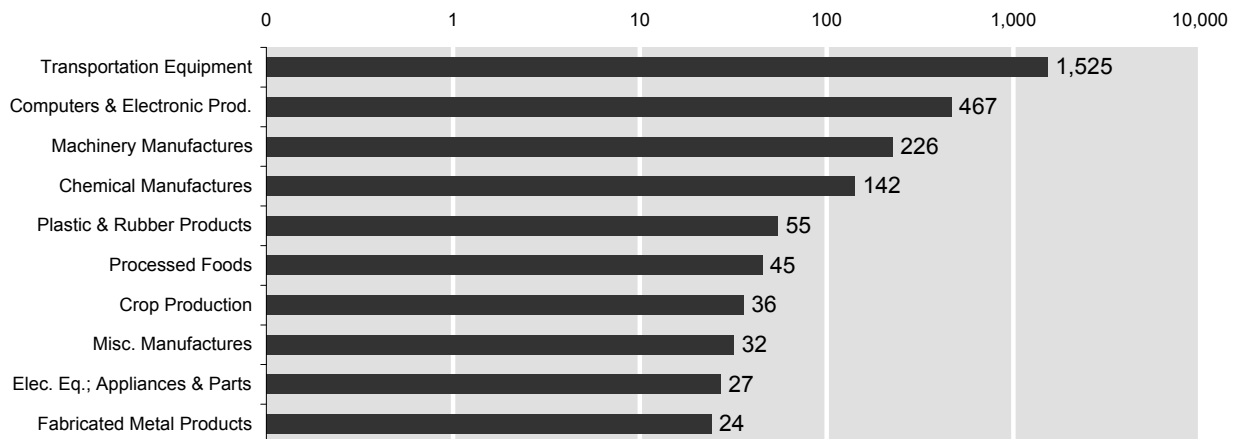
Sources of FDI within Kansas, 2006	
Country	FDI (\$ Millions)
Canada	1,738
United Kingdom	1,141
Germany	855
France	610
Netherlands	464

Trade

In 2007, Europe purchased \$2.6 billion worth of goods from Kansas. More than half of the state's exports consist of transportation related equipment. Germany surpassed the U.K. to become the state's top European export market.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	616
United Kingdom	593
France	246
Spain	156
Italy	143

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Kentucky and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Kentucky supported 48,200 jobs in 2006, slightly down from the number of jobs supported in 2002. Of those jobs, 45% were in manufacturing in 2006.

Investment

Of the \$27.8 billion invested in Kentucky in 2006, 54%, or \$15.1 billion came from Europe. Japan remains the top foreign investor in Kentucky.

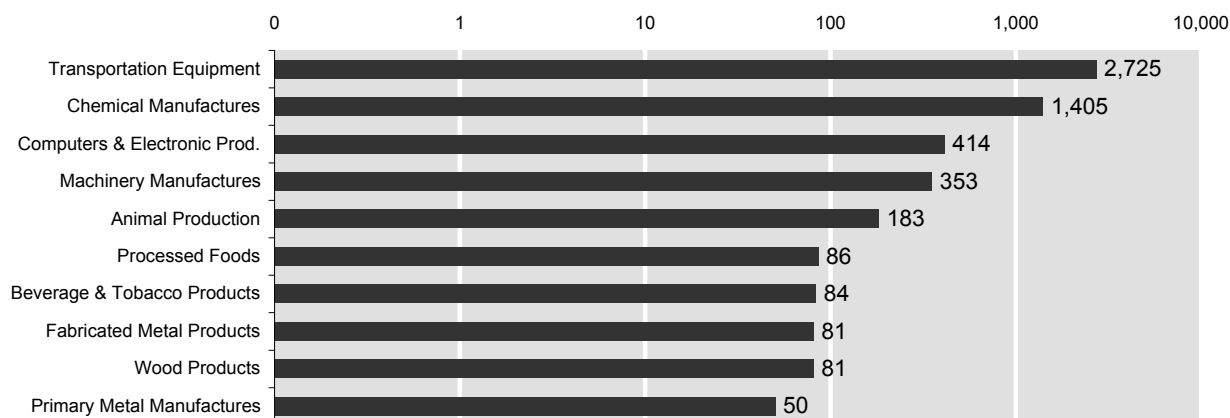
Sources of FDI within Kentucky, 2006	
Country	FDI (\$ Millions)
Japan	10,343
Germany	9,345
Netherlands	1,193
Canada	1,140
France	806

Trade

In 2007, Europe purchased \$5.8 billion worth of goods from Kentucky. Kentucky's exports are highly concentrated in transportation equipment and chemical manufacturers with a share of 72% in 2007.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
France	1,932
United Kingdom	977
Germany	729
Netherlands	567
Belgium	432

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Louisiana and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Louisiana supported 31,700 jobs in 2006; 28% of the jobs were in manufacturing, up from 24% in 2002.

Investment

Of the \$27.4 billion invested in Louisiana in 2006, 47%, or \$12.8 billion came from Europe.

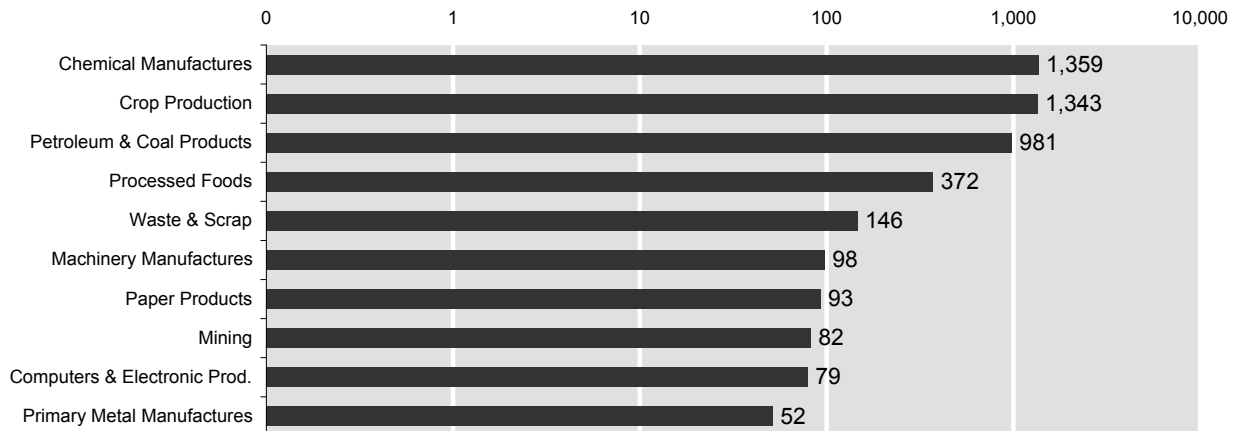
Sources of FDI within Louisiana, 2006	
Country	FDI (\$ Millions)
Germany	3,086
United Kingdom	2,544
Canada	1,882
France	1,526
Japan	940

Trade

In 2007, Europe purchased \$4.8 billion worth of goods from Louisiana. While chemical manufacturers and crop production dominate exports to Europe, exports of petroleum and coal products and waste and scrap have grown the fastest since the start of the decade.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Netherlands	1,284
Belgium	568
Germany	539
Spain	456
United Kingdom	349

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Maine and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Maine supported 19,400 jobs in 2006; 21% of the jobs were in manufacturing.

Investment

Of the \$5.7 billion invested in Maine in 2006, 46%, or \$2.6 billion came from Europe. As in years past, Canada remains the top foreign investor in the state.

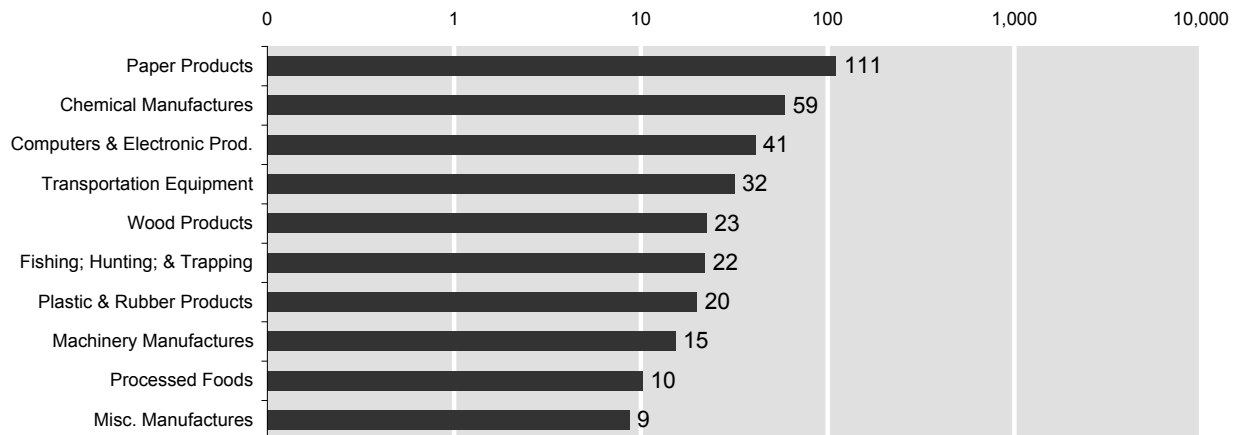
Sources of FDI within Maine, 2006	
Country	FDI (\$ Millions)
Canada	1,408
Japan	182
Germany	169
United Kingdom	148
France	57

Trade

In 2007, Europe purchased \$370 million worth of goods from Maine. Paper products are the state's top exports to Europe, though falling in value since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Netherlands	74
United Kingdom	57
Belgium	41
Germany	39
Italy	38

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Maryland and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Maryland supported 86,400 jobs in 2006; 17% of the jobs were in manufacturing, this is up from 13% in 2002.

Investment

Of the \$12.1 billion invested in Maryland in 2006, 67%, or \$8.1 billion came from Europe.

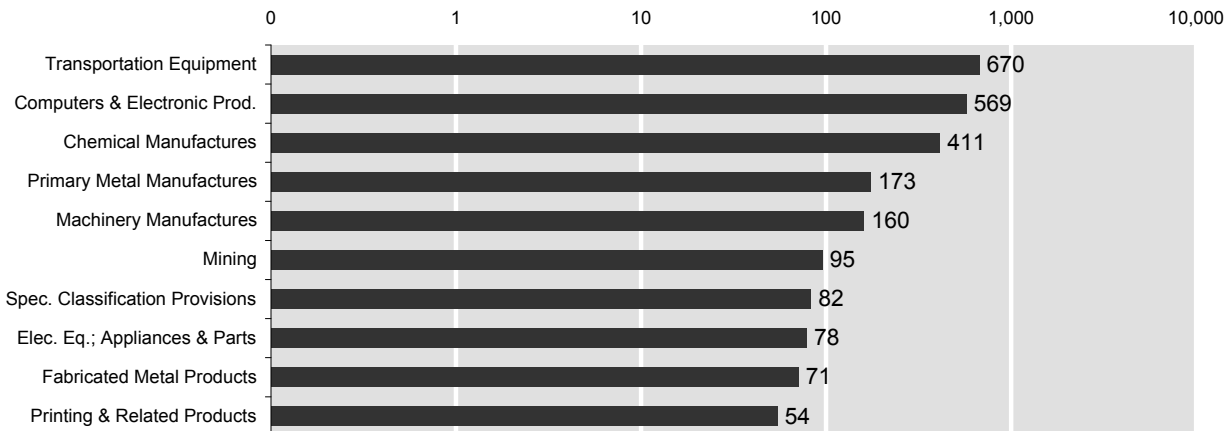
Sources of FDI within Maryland, 2006	
Country	FDI (\$ Millions)
Netherlands	2,530
Germany	1,617
Japan	1,075
Switzerland	953
Canada	920

Trade

In 2007, Europe purchased \$2.6 billion worth of goods from Maryland. Top exports are transportation equipment, increasing nearly 3-fold since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	470
Germany	422
Netherlands	365
Belgium	361
France	235

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Massachusetts and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Massachusetts supported 117,700 jobs in 2006, down considerably from the 148,600 supported in 2002. 16% of the jobs in 2006 were in manufacturing.

French-owned materials and telecommunications companies are significant employers in the state.

Investment

Of the \$24 billion invested in Massachusetts in 2006, nearly 68%, or \$16.2 billion came from Europe.

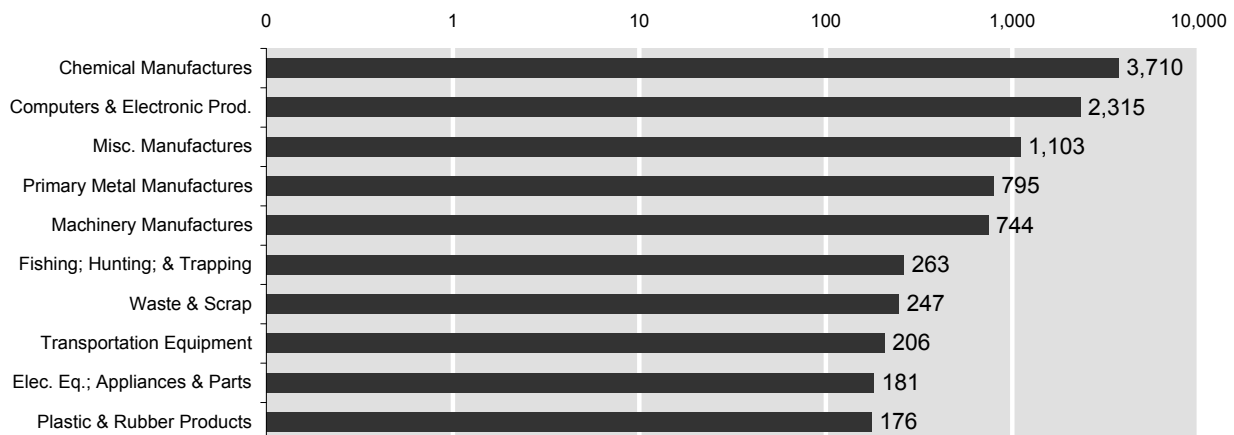
Sources of FDI within Massachusetts, 2006	
Country	FDI (\$ Millions)
United Kingdom	7,677
Canada	2,945
Netherlands	2,535
Japan	1,974
France	1,672

Trade

In 2007, Europe purchased \$10.4 billion worth of goods from Massachusetts. Chemical manufactures dominate exports to Europe with a 37% share while exports of computers and electronic products have fallen from a once dominant 52% share in 2000 to only 22% in 2007.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	2,371
United Kingdom	2,307
Netherlands	2,216
France	888
Ireland	715

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Michigan and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Michigan supported 141,400 jobs in 2006, down from 145,400 in 2002. Nearly 38% were in manufacturing in 2006. Job losses have been concentrated in the automotive industry.

Investment

Of the \$41.4 billion invested in Michigan in 2006, 77%, or \$31.9 billion came from Europe.

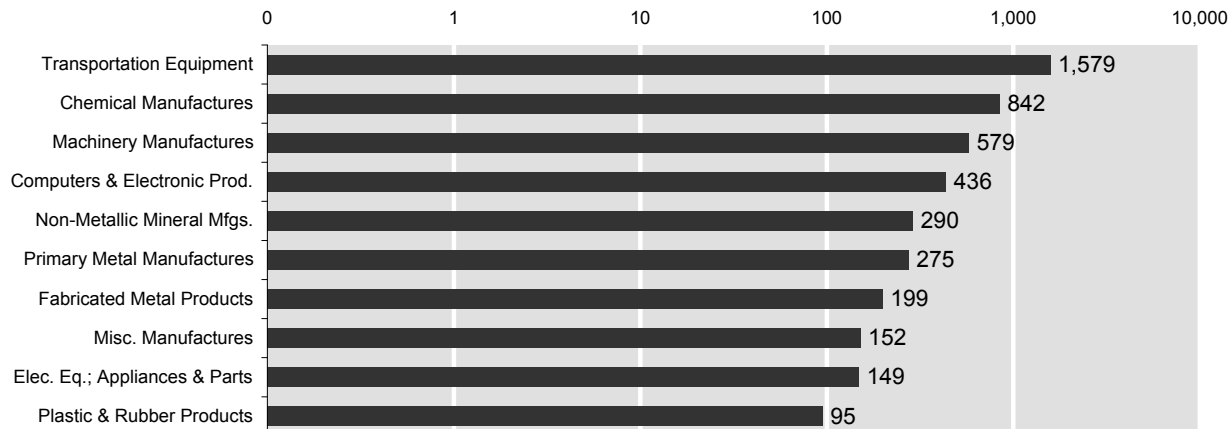
Sources of FDI within Michigan, 2006	
Country	FDI (\$ Millions)
Germany	26,324
Japan	5,635
Canada	2,459
United Kingdom	1,526
France	1,294

Trade

In 2007, Europe purchased \$4.9 billion worth of goods from Michigan. Transportation equipment is Michigan's top export to Europe; however, transport equipment exports fell 35% from export levels in 2000. Exports of chemical manufacturers, on the other hand, have increased 25% since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	1,267
United Kingdom	743
France	680
Netherlands	460
Belgium	458

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Minnesota and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Minnesota supported 51,800 jobs in 2006; 27% of the jobs were in manufacturing.

Investment

Of the \$12.9 billion invested in Minnesota in 2006, 44%, or \$5.7 billion came from Europe.

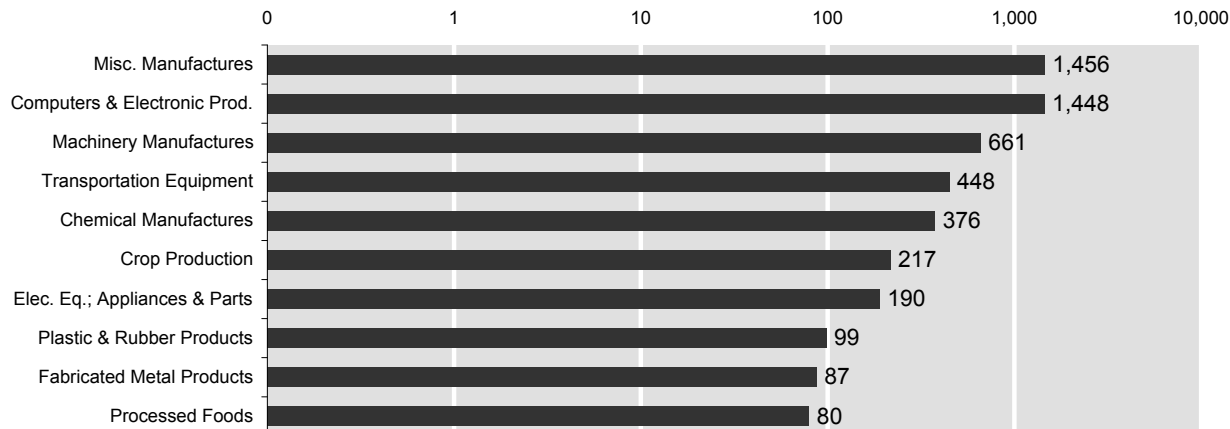
Sources of FDI within Minnesota, 2006	
Country	FDI (\$ Millions)
Canada	4,418
Germany	1,279
United Kingdom	962
Netherlands	673
Switzerland	649

Trade

In 2007, Europe purchased \$5.3 billion worth of goods from Minnesota. Miscellaneous manufactures and computers make up more than half of total exports to Europe. Exports of misc. manufactures have surged nearly 300% from 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Ireland	1,108
Germany	788
United Kingdom	740
Netherlands	638
Belgium	586

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Mississippi and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Mississippi supported 13,700 jobs in 2006, down from 15,100 in 2002.

Investment

Of the \$7.2 billion invested in Mississippi in 2006, 46%, or \$3.3 billion came from Europe.

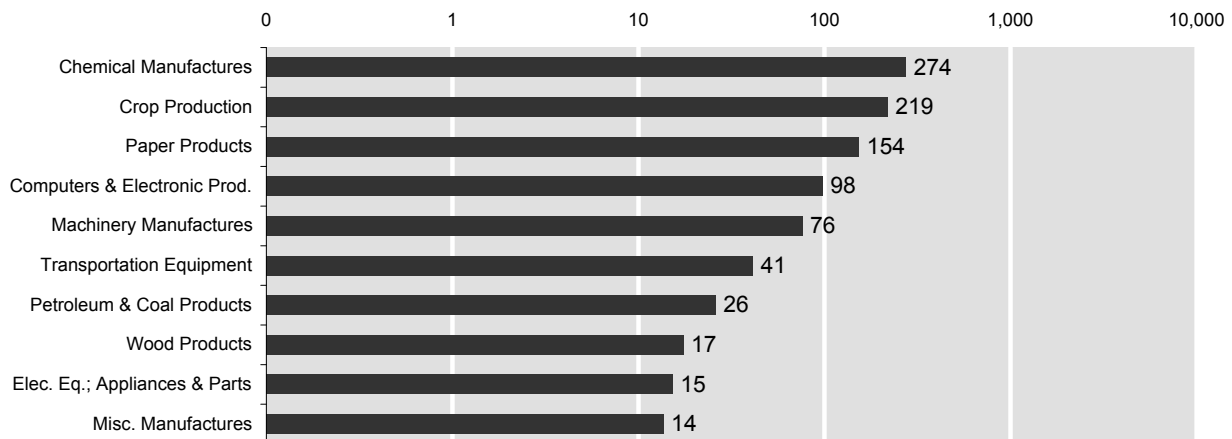
Sources of FDI within Mississippi, 2006	
Country	FDI (\$ Millions)
Japan	1,497
Canada	1,488
United Kingdom	1,013
Germany	352
Netherlands	170

Trade

In 2007, Europe purchased \$994 million worth of goods from Mississippi, down from \$1 billion last year. Chemical manufactures computers and rank as the top exports to Europe while exports of crop production and electronics have grown the fastest since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	236
United Kingdom	189
Germany	120
Spain	48
France	47

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Missouri and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Missouri supported 60,800 jobs in 2006, down from 66,500 in 2000. 38% of these jobs were in manufacturing in 2006.

Investment

Of the \$17.4 billion invested in Missouri in 2006, 72%, or \$12.5 billion came from Europe.

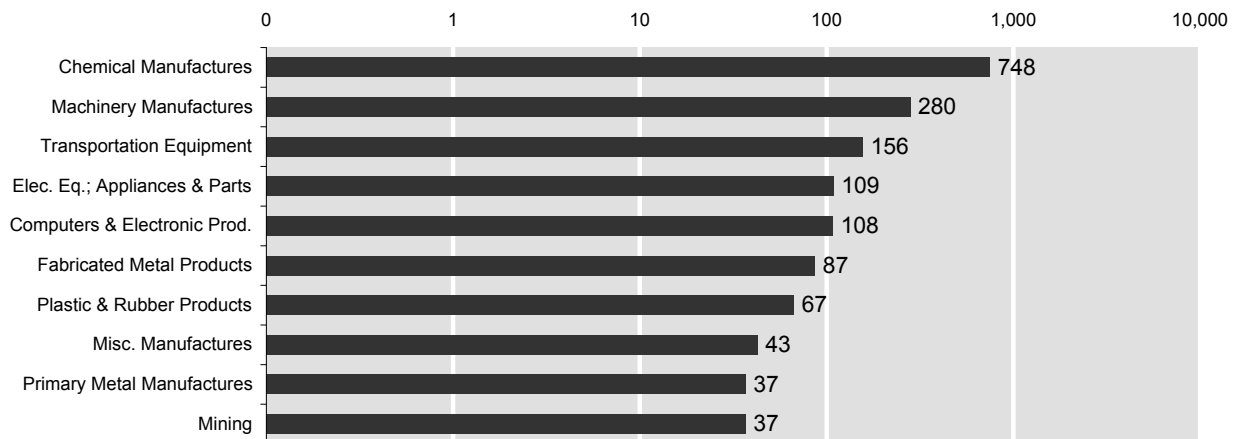
Sources of FDI within Missouri, 2006	
Country	FDI (\$ Millions)
Germany	5,613
Switzerland	1,739
United Kingdom	1,674
Japan	1,396
Australia	1,364

Trade

In 2007, Europe purchased \$4.9 billion worth of goods from Missouri. Top exports include chemical and machinery manufacturers.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	424
United Kingdom	345
Germany	310
Netherlands	163
Italy	141

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Montana and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Montana supported 5,500 jobs in 2006; 20% of the jobs were in manufacturing.

Investment

Of the \$2.9 billion invested in Montana in 2006, 55%, or \$1.6 billion came from Europe.

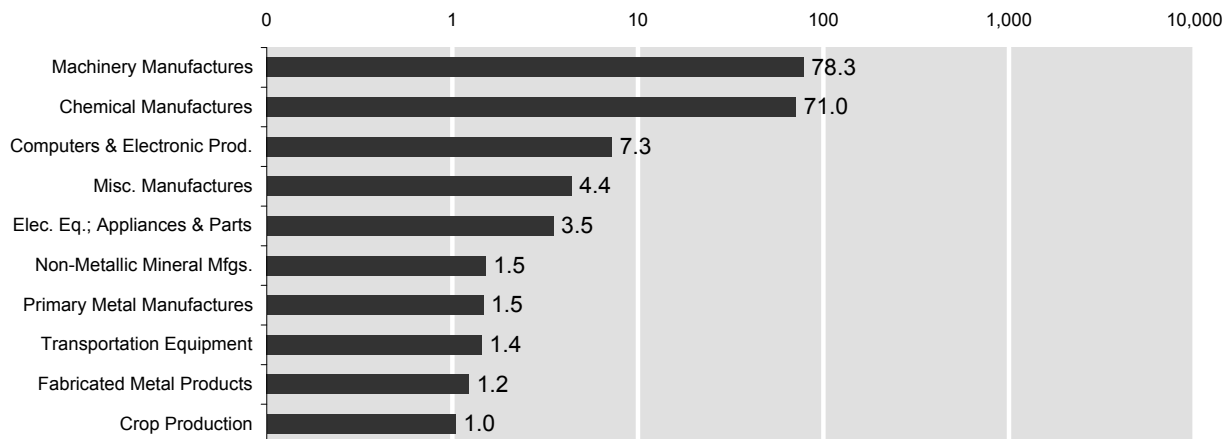
Sources of FDI within Montana, 2006	
Country	FDI (\$ Millions)
Canada	1,125
Japan	34
Germany	14
France	11
Sweden	3

Trade

In 2007, Europe purchased \$174 million worth of goods from Montana. Exports are relatively small and skewed towards machinery and chemical goods.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	59
United Kingdom	30
Belgium	23
Netherlands	14
Sweden	13

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Nebraska and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Nebraska supported 10,300 jobs in 2006, down from 11,700 in 2002; 55% of the jobs were in manufacturing.

Investment

Of the \$2.4 billion invested in Nebraska in 2006, 42%, or \$1 billion came from Europe.

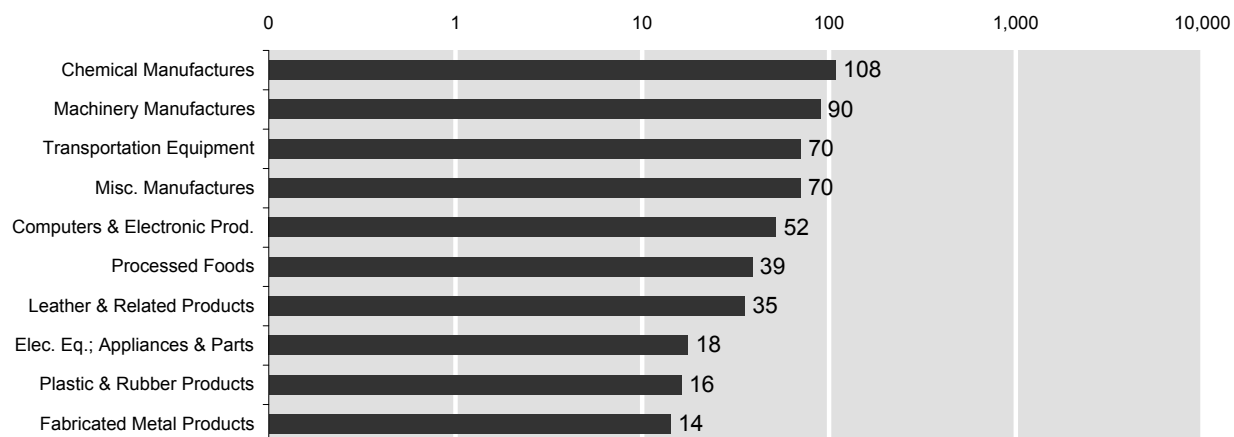
Sources of FDI within Nebraska, 2006	
Country	FDI (\$ Millions)
Japan	629
Switzerland	332
Canada	275
Germany	180
France	132

Trade

In 2007, Europe purchased \$549 million worth of goods from Nebraska. Top exports from Nebraska are machinery and chemicals.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Netherlands	136
Belgium	77
Germany	69
United Kingdom	58
Italy	53

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Nevada and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Nevada supported 21,800 jobs in 2006 up 50% from 2002; 8% of the jobs were in manufacturing.

Investment

Of the \$7.5 billion invested in Nevada in 2006, 25%, or \$1.9 billion came from Europe.

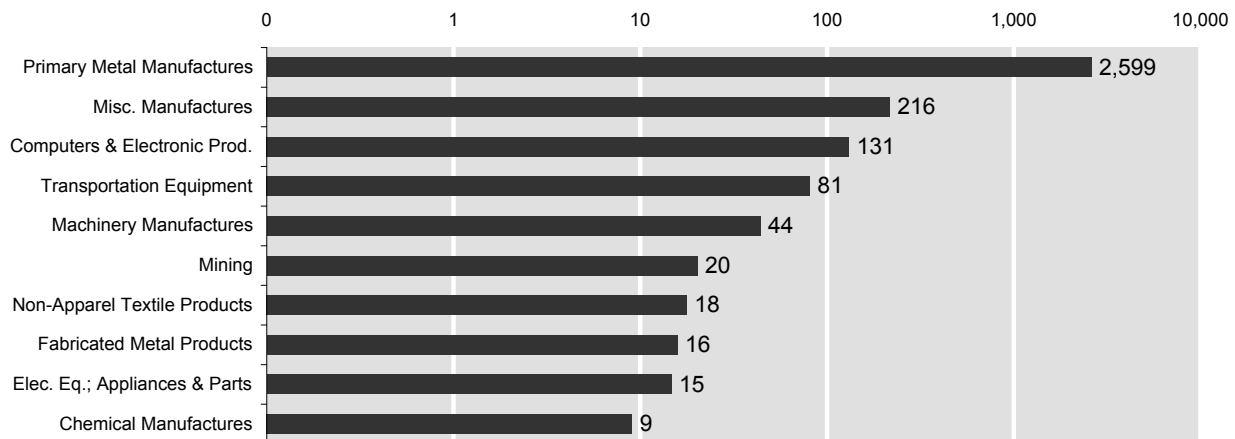
Sources of FDI within Nevada, 2006	
Country	FDI (\$ Millions)
Canada	4,334
United Kingdom	550
Japan	538
Switzerland	380
Germany	315

Trade

In 2007, Europe purchased \$3.2 billion worth of goods from Nevada. Exports of primary metal manufactures have grown exponentially from 7% of exports to Europe in 2000 to 81% of exports in 2007.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Switzerland	2,623
United Kingdom	108
Germany	89
Netherlands	76
Belgium	75

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

New Hampshire and Europe Employment, Investment, and Trade Linkages

Employment

European investment in New Hampshire supported 29,900 jobs in 2006, down 7% from 32,400 in 2002; 48% of the jobs were in manufacturing.

Investment

Of the \$5.2 billion invested in New Hampshire in 2006, 68%, or \$3.6 billion came from Europe.

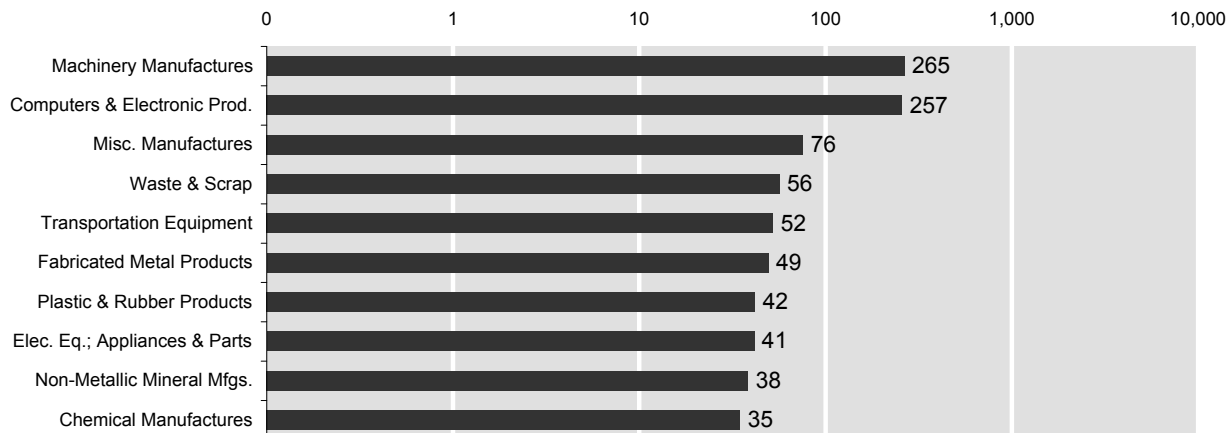
Sources of FDI within New Hampshire, 2006	
Country	FDI (\$ Millions)
United Kingdom	1,145
Canada	924
Germany	722
Switzerland	591
Japan	433

Trade

In 2007, Europe purchased \$1 billion worth of goods from New Hampshire. Computer and electronic products, once the top export, has fallen 40% since 2000 and is now second to machinery manufactures, claiming the number one spot in 2007.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	227
United Kingdom	185
Netherlands	145
Italy	84
France	78

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

New Jersey and Europe Employment, Investment, and Trade Linkages

Employment

European investment in New Jersey supported 173,900 jobs in 2006; 21% of the jobs were in manufacturing. New Jersey houses a large pharmaceutical industry and many European pharmaceutical firms are significant employers in the state.

Investment

Of the \$37.4 billion invested in New Jersey in 2006, 73%, or \$27.4 billion came from Europe.

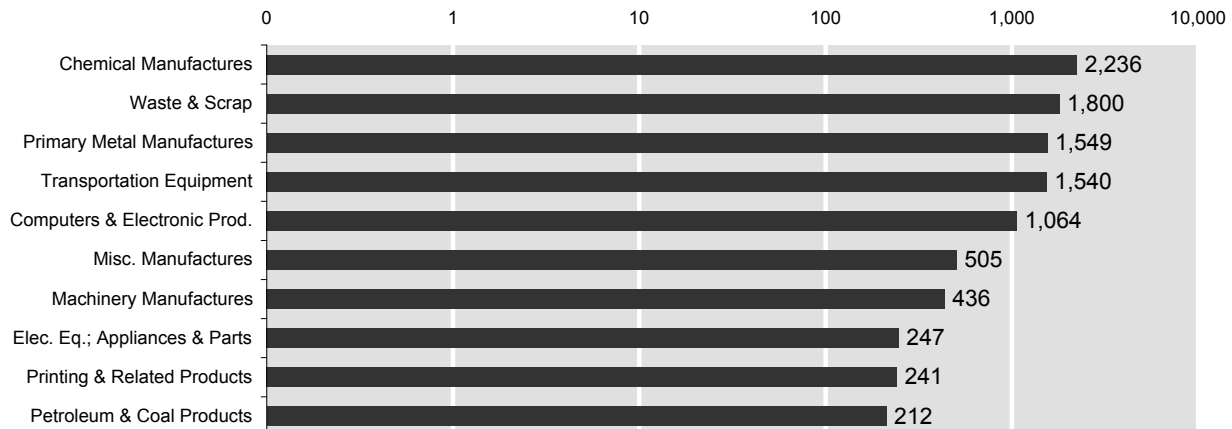
Sources of FDI within New Jersey, 2006	
Country	FDI (\$ Millions)
Germany	8,904
Switzerland	5,236
Japan	5,158
France	4,271
United Kingdom	3,881

Trade

In 2007, Europe purchased \$10.7 billion worth of goods from New Jersey. Top exports consist of high-end goods, like chemicals (pharmaceuticals), though falling slightly since 2000. Of the top exports, transportation equipment have grown the quickest since the beginning of the decade.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	2,526
Germany	1,640
Italy	1,378
France	1,016
Belgium	735

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

New Mexico and Europe Employment, Investment, and Trade Linkages

Employment

European investment in New Mexico supported 8,000 jobs in 2006; 8% of the jobs were in manufacturing.

Investment

Of the \$4 billion invested in New Mexico in 2006, more than \$400 million was invested by Europe.

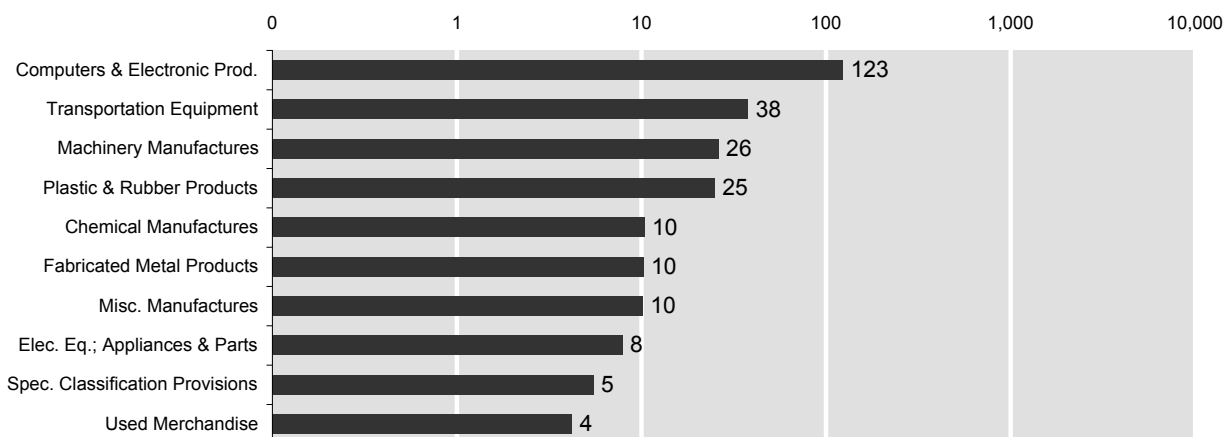
Sources of FDI within New Mexico, 2006	
Country	FDI (\$ Millions)
Germany	325
Japan	235
Canada	66
France	58
Netherlands	23

Trade

In 2007, Europe purchased \$276 million worth of goods from New Mexico. Exports are relatively small and skewed toward computers and electronic products; however, exports in this category have fallen slightly (-9%) since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	57
United Kingdom	53
France	38
Belgium	27
Ireland	26

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

New York and Europe Employment, Investment, and Trade Linkages

Employment

European investment in New York supported 282,600 jobs in 2006; 10% of the jobs were in manufacturing. This number in all likelihood will be significantly lower next year due to the large concentration of European financial services firms in and around New York City.

Investment

Of the \$68.6 billion invested in New York in 2006, 58%, or \$40.1 billion came from Europe.

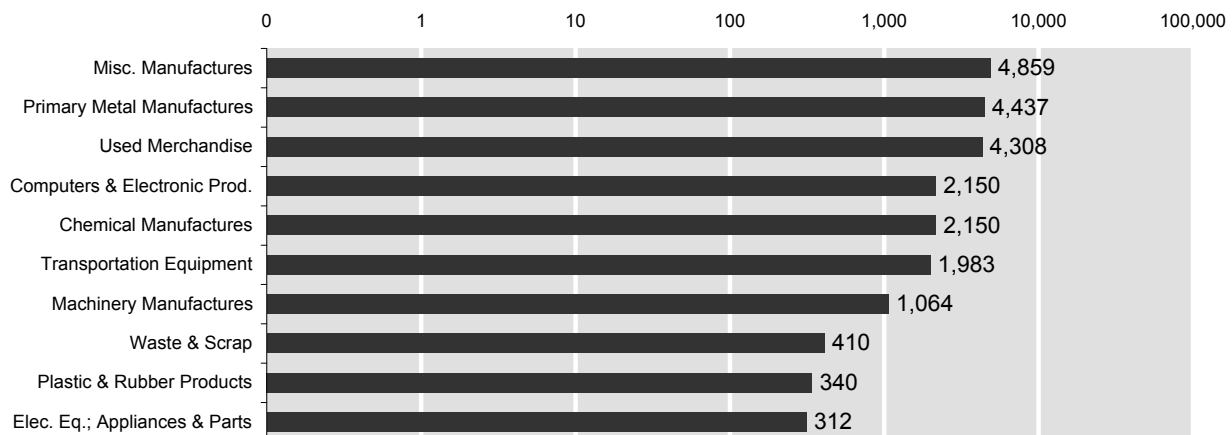
Sources of FDI within New York, 2006	
Country	FDI (\$ Millions)
United Kingdom	15,821
Canada	9,989
Japan	8,647
Germany	7,809
France	6,339

Trade

In 2007, Europe purchased \$23.7 billion worth of goods from New York. New York exports to Europe have ramped up at a pace of 7% each year since 2000 across a diverse range of categories from metal manufactures to computers.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	6,081
Switzerland	5,862
Germany	2,728
Belgium	2,595
France	1,653

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

North Carolina and Europe Employment, Investment, and Trade Linkages

Employment

European investment in North Carolina supported 156,300 jobs in 2006; 33% of the jobs were in manufacturing. British-owned GlaxoSmithKline has contributed significantly to building up the biopharmaceutical sector in the state as the largest employer in the field.

Investment

Of the \$26.1 billion invested in North Carolina in 2006, 68%, or \$17.8 billion came from Europe.

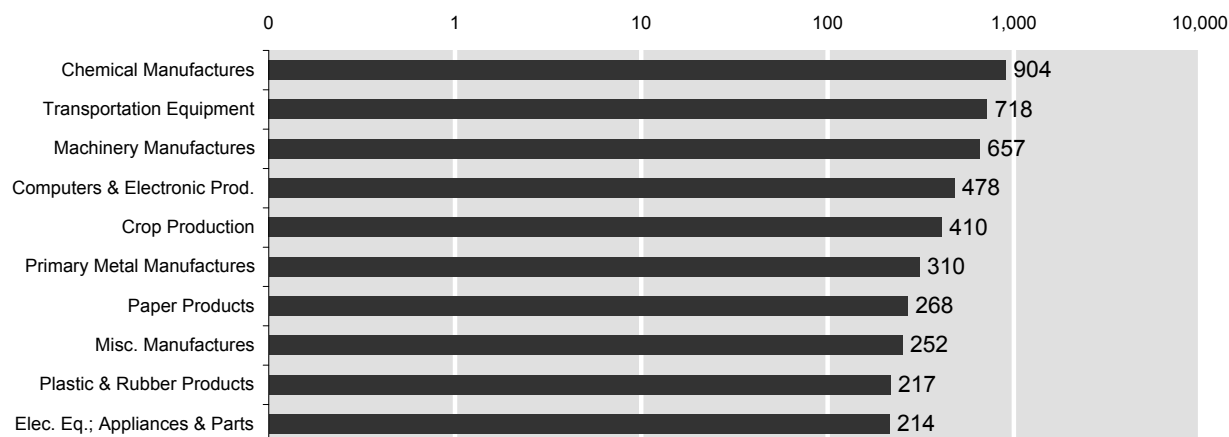
Sources of FDI within North Carolina, 2006	
Country	FDI (\$ Millions)
United Kingdom	5,432
Germany	4,985
Japan	3,072
Canada	2,372
Netherlands	1,126

Trade

In 2007, Europe purchased \$5.1 billion worth of goods from North Carolina. Exports include such high-tech goods as chemicals, computers and machinery as well as transportation equipment which have grown nearly 500% since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
France	971
United Kingdom	948
Germany	916
Netherlands	556
Belgium	438

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

North Dakota and Europe Employment, Investment, and Trade Linkages

Employment

European investment in North Dakota supported 4,300 jobs in 2006.

Investment

Of the \$1.5 billion invested in North Dakota in 2006, 36%, or \$500 million came from Europe.

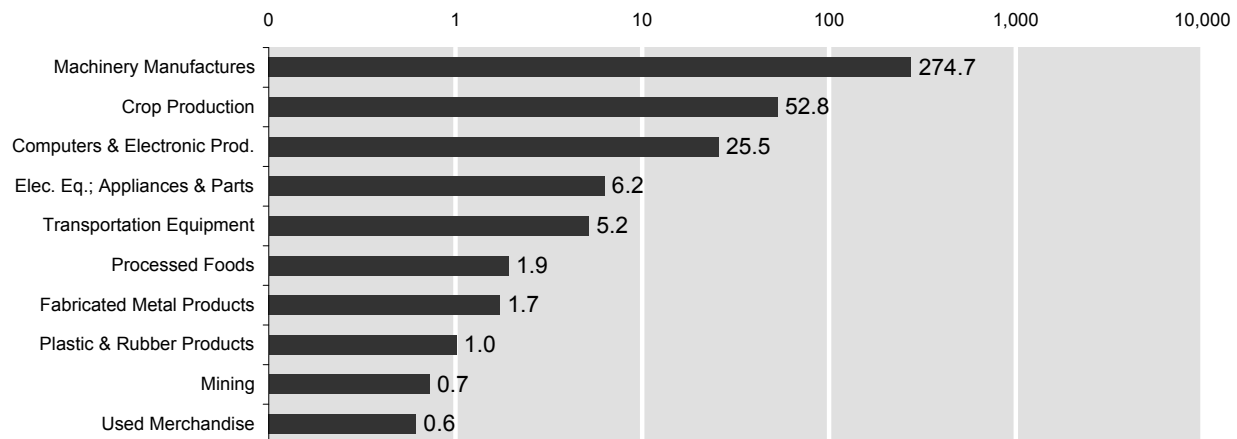
Sources of FDI within North Dakota, 2006	
Country	FDI (\$ Millions)
Canada	532
Germany	74
Netherlands	42
United Kingdom	35
Japan	14

Trade

In 2007, Europe purchased \$373 million worth of goods from North Dakota. The state's exports are largely skewed to machinery manufactures.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	122
Germany	76
Italy	51
Spain	41
United Kingdom	27

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Ohio and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Ohio supported 133,600 jobs in 2006; nearly 45% of the jobs were in manufacturing. Employment is likely to fall as companies fight to weather the financial crisis; DHL (Germany), which has a large presence in the state, announced it will be closing operations in the U.S.

Investment

Of the \$38.6 billion invested in Ohio in 2006, 54%, or \$20.7 billion came from Europe.

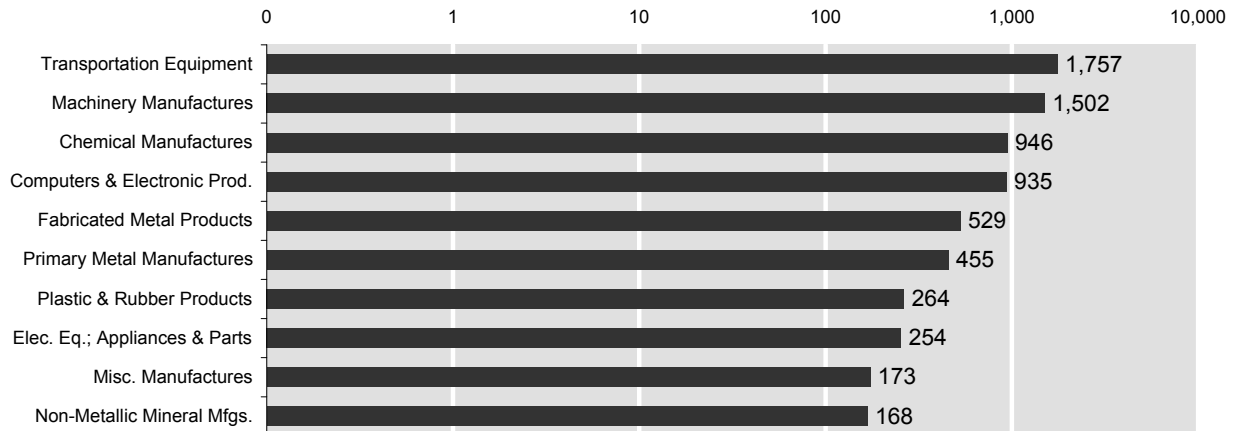
Sources of FDI within Ohio, 2006	
Country	FDI (\$ Millions)
Japan	13,371
Germany	9,314
United Kingdom	5,393
Canada	1,894
France	1,739

Trade

In 2007, Europe purchased \$7.4 billion worth of goods from Ohio. Exports of transportation equipment and machinery manufactures make up 44% of the state's total exports to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	1,425
Germany	1,339
France	981
Belgium	723
Netherlands	718

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Oklahoma and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Oklahoma supported 23,100 jobs in 2006; nearly 31% of the jobs were in manufacturing.

Investment

Of the \$9.6 billion invested in Oklahoma in 2006, 60%, or \$5.8 billion came from Europe.

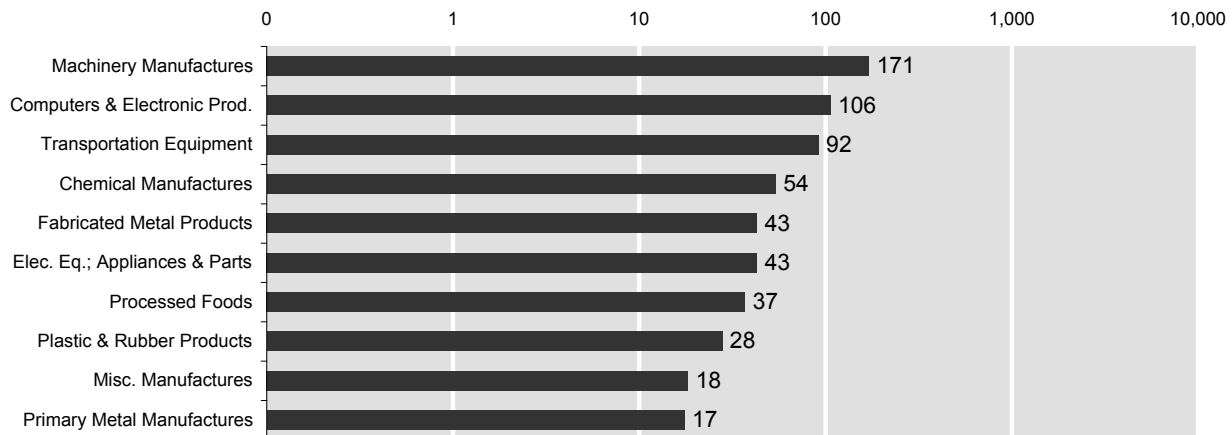
Sources of FDI within Oklahoma, 2006	
Country	FDI (\$ Millions)
France	821
Japan	597
Canada	534
Germany	439
Switzerland	172

Trade

In 2007, Europe purchased \$647 million worth of goods from Oklahoma. Top exports include machinery, transportation equipment and computers and electronic products, which have accelerated since 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	136
Germany	125
Belgium	122
Netherlands	58
France	40

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Oregon and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Oregon supported 30,600 jobs in 2006; 18% of the jobs were in manufacturing.

Investment

Of the \$8.9 billion invested in Oregon in 2006, 38%, or \$3.4 billion came from Europe.

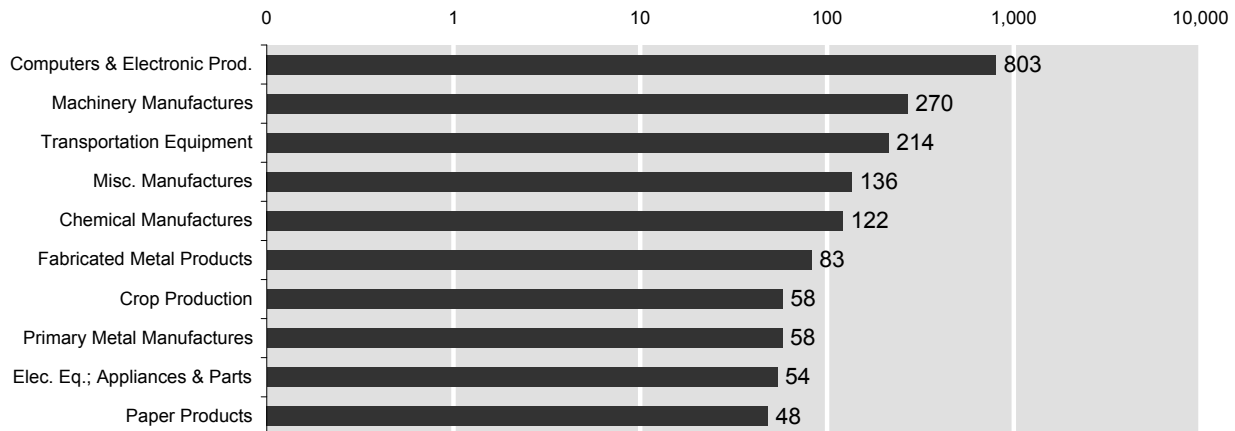
Sources of FDI within Oregon, 2006	
Country	FDI (\$ Millions)
Canada	1,888
Germany	1,664
Japan	1,127
United Kingdom	941
France	171

Trade

In 2007, Europe purchased \$2 billion worth of goods from Oregon. Computer related exports continue to dominate the state's exports to Europe, although falling nearly 29% from 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	416
United Kingdom	290
Netherlands	288
France	284
Italy	166

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Pennsylvania and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Pennsylvania supported 184,800 jobs in 2006; 74% of the jobs were in manufacturing. German-owned affiliates have a significant presence in the state.

Investment

Of the \$35.1 billion invested in Pennsylvania in 2006, 69%, or \$24.2 billion came from Europe.

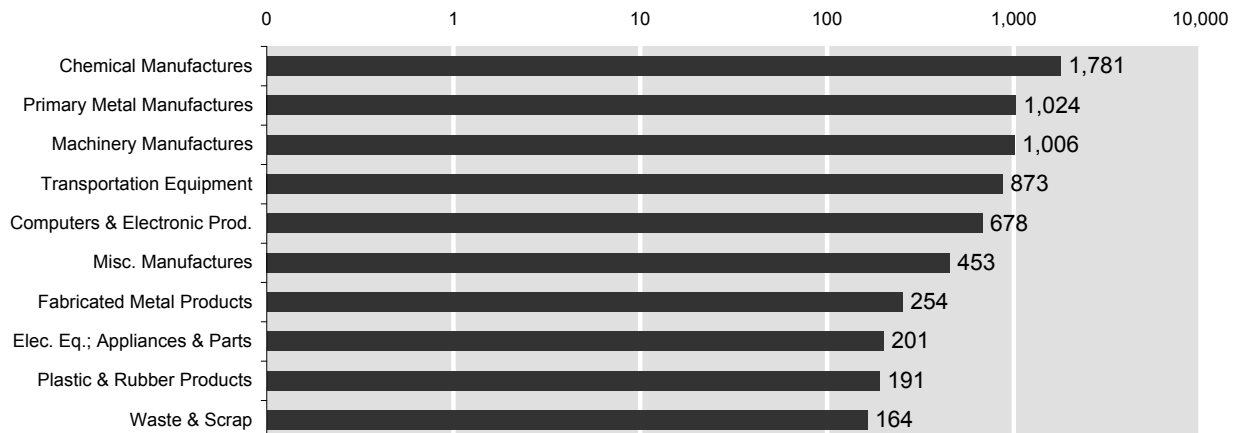
Sources of FDI within Pennsylvania, 2006	
Country	FDI (\$ Millions)
Germany	8,102
United Kingdom	6,082
Canada	4,111
Netherlands	2,952
France	2,634

Trade

In 2007, Europe purchased \$7.4 billion worth of goods from Pennsylvania. Over half of the state's exports is represented by chemical, primary metal, and machinery manufactures

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	1,493
United Kingdom	1,347
Germany	1,221
Netherlands	779
Italy	530

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Rhode Island and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Rhode Island supported 14,900 jobs in 2006; 13% of the jobs were in manufacturing.

Investment

Of the \$4.3 billion invested in Rhode Island in 2006, 68%, or \$3 billion came from Europe.

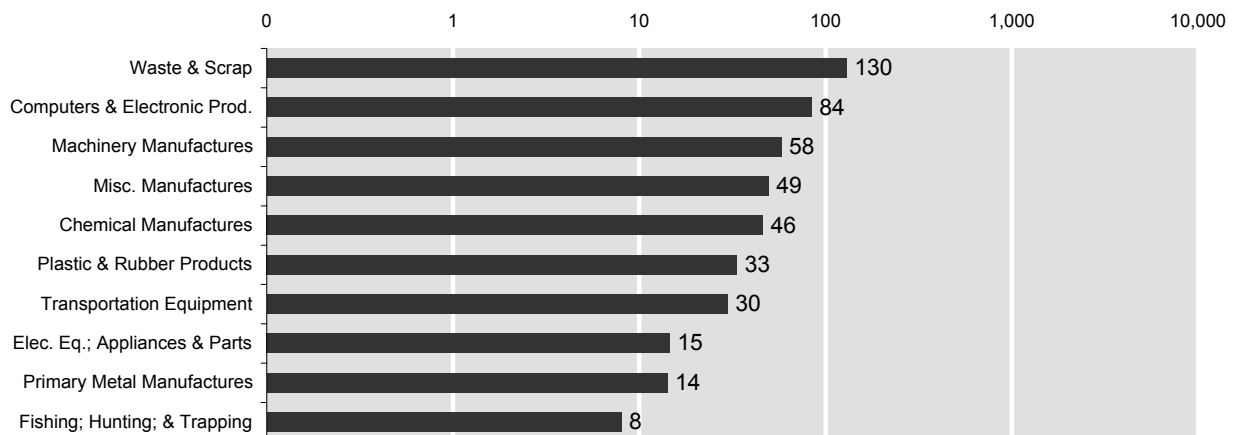
Sources of FDI within Rhode Island, 2006	
Country	FDI (\$ Millions)
United Kingdom	1,627
Germany	443
France	133
Switzerland	78
Sweden	16

Trade

In 2007, Europe purchased \$497 million worth of goods from Rhode Island. Waste and scrap, manufactured goods, and electronic products make up the bulk of exports.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	96
Germany	88
France	42
Italy	38
Belgium	37

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

South Carolina and Europe Employment, Investment, and Trade Linkages

Employment

European investment in South Carolina supported 84,800 jobs in 2006, down 20% from 2002. 48% of the jobs in 2006 were in manufacturing.

Investment

Of the \$24 billion invested in South Carolina in 2006, 72%, or \$17.2 billion came from Europe.

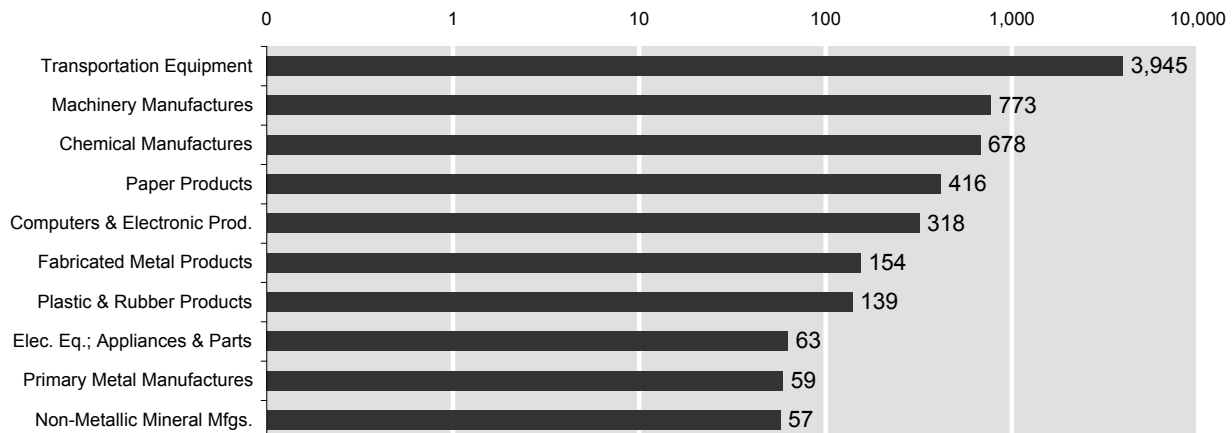
Sources of FDI within South Carolina, 2006	
Country	FDI (\$ Millions)
Germany	6,506
Japan	3,695
France	3,679
United Kingdom	2,294
Switzerland	1,932

Trade

In 2007, Europe purchased \$6.9 billion worth of goods from South Carolina. Exports of transportation equipment make up more than half the state's exports to Europe, indicative of the strong presence of European auto makers in the state.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	3,761
United Kingdom	944
Belgium	485
France	407
Netherlands	278

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

South Dakota and Europe Employment, Investment, and Trade Linkages

Employment

European investment in South Dakota supported 3,000 jobs in 2006; 40% of the jobs were in manufacturing. Britished-owned HSBC is one of the top 50 employers in the state.

Investment

Of the \$1 billion invested in South Dakota in 2006, 43%, or \$400 million came from Europe.

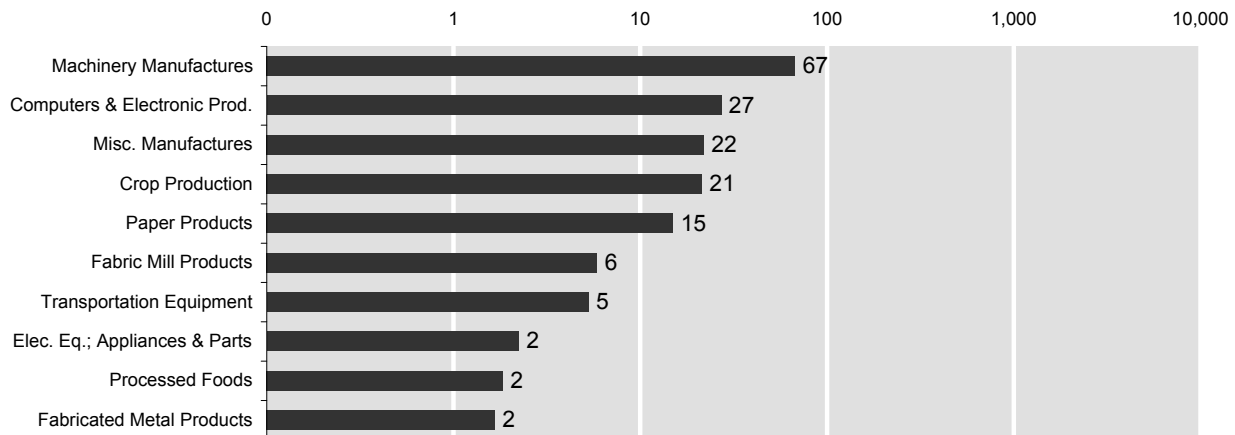
Sources of FDI within South Dakota, 2006	
Country	FDI (\$ Millions)
United Kingdom	327
Canada	235
Japan	75
Germany	19
Switzerland	16

Trade

In 2007, Europe purchased \$174 million worth of goods from South Dakota. The state's top exports include machinery manufactures and computers and electronic products.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Germany	50
Spain	31
United Kingdom	27
Italy	19
Belgium	11

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Tennessee and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Tennessee supported 75,700 jobs in 2006; 38% of the jobs were in manufacturing.

Investment

Of the \$21.5 billion invested in Tennessee in 2006, 38%, or \$8.2 billion came from Europe.

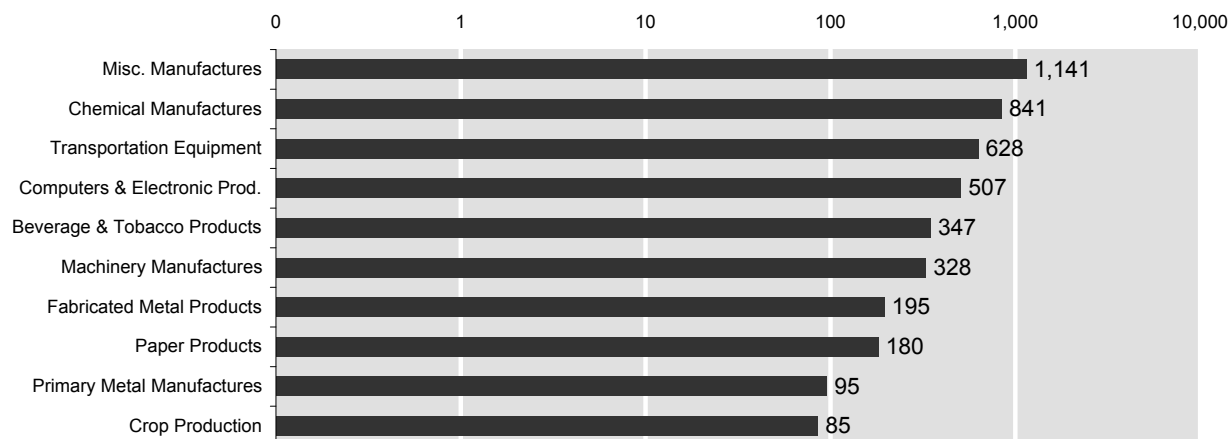
Sources of FDI within Tennessee, 2006	
Country	FDI (\$ Millions)
Japan	9,577
Germany	2,462
United Kingdom	2,078
Canada	1,912
Switzerland	835

Trade

In 2007, Europe purchased \$4.9 billion worth of goods from Tennessee. Exports of misc. and chemical manufactures have surpassed exports of transportation equipment this decade, making up more than 40% of the state's exports to Europe in 2007.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	887
Germany	780
Netherlands	628
Belgium	573
Italy	468

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Texas and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Texas supported 233,500 jobs in 2006; 25% of the jobs were in manufacturing. Schlumberger, the French-owned oilfield and services provider, is one of the top 50 employers in the state.

Investment

Of the \$96.6 billion invested in Texas in 2006, 62%, or \$59.6 billion came from Europe.

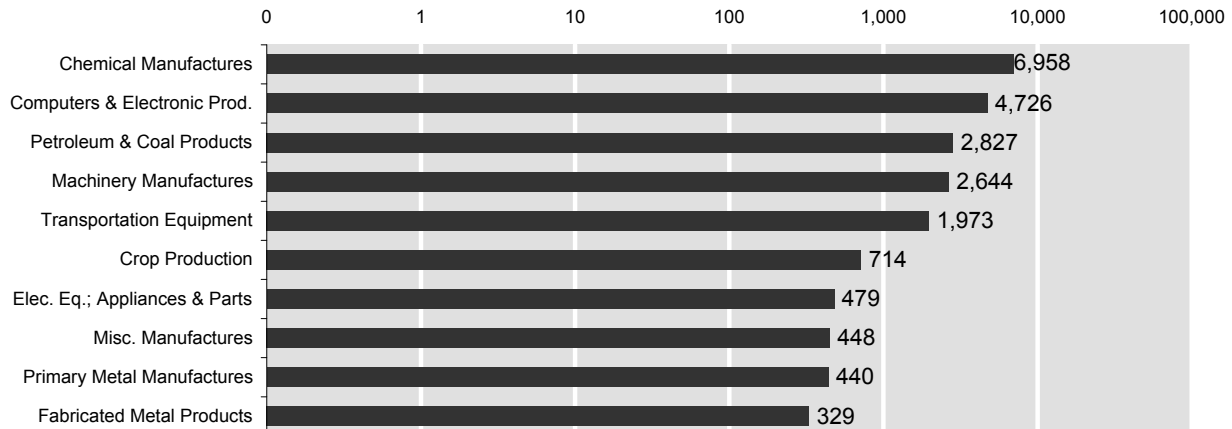
Sources of FDI within Texas, 2006	
Country	FDI (\$ Millions)
United Kingdom	19,172
Germany	10,562
France	10,081
Netherlands	9,641
Japan	9,100

Trade

In 2007, Europe purchased \$22.7 billion worth of goods from Texas. Top exports include chemicals, computers and machinery while exports of petroleum and coal products have grown the fastest since 2000

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Netherlands	5,293
United Kingdom	3,274
Belgium	3,180
Germany	2,861
France	1,931

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Utah and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Utah supported 27,500 jobs in 2006; 28% of the jobs were in manufacturing.

Investment

Of the \$6.9 billion invested in Utah in 2006, 85%, or \$5.9 billion came from Europe, down nearly 40% from European investment in the state in 2002.

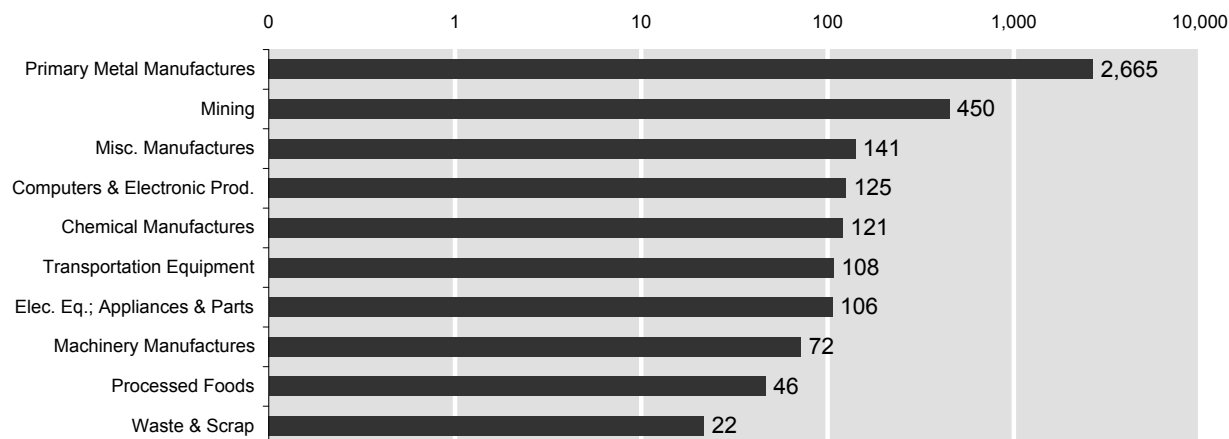
Sources of FDI within Utah, 2006	
Country	FDI (\$ Millions)
United Kingdom	4,055
Switzerland	595
Germany	413
France	343
Canada	339

Trade

In 2007, Europe purchased \$3.9 billion worth of goods from Utah. Primary metals dominate exports to Europe with a share of nearly 68%.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	2,382
Switzerland	456
Belgium	393
Netherlands	189
Germany	171

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Vermont and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Vermont supported 6,700 jobs in 2006; 21% of the jobs were in manufacturing.

Investment

Of the \$1.5 billion invested in Vermont in 2006, 67%, or \$1 billion came from Europe.

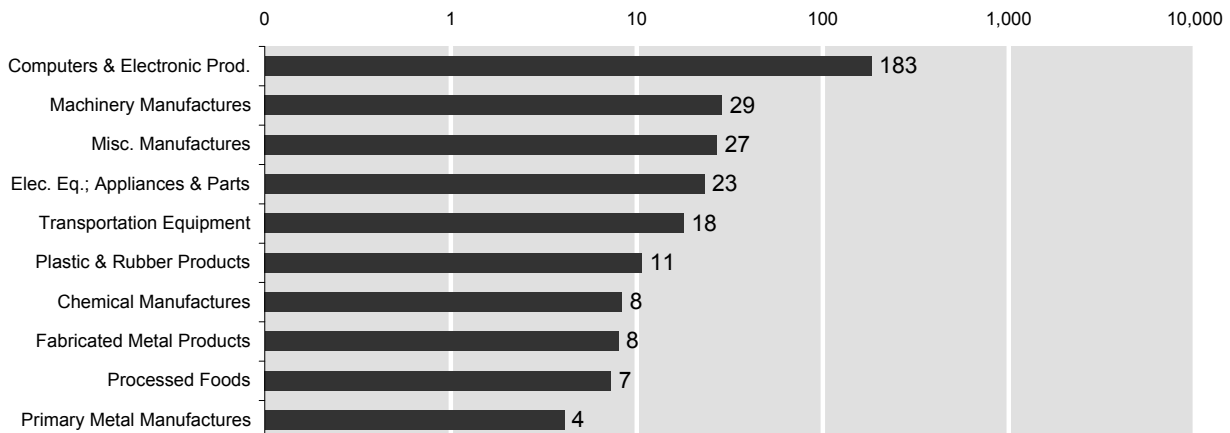
Sources of FDI within Vermont, 2006	
Country	FDI (\$ Millions)
Canada	283
Germany	86
France	63
United Kingdom	63
Sweden	5

Trade

In 2007, Europe purchased \$339 million worth of goods from Vermont, down significantly from \$945 million in 2000. This is due to a 78% drop in the state's top export to Europe, computers and electronic products.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Ireland	130
United Kingdom	55
Germany	34
Belgium	21
France	21

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Virginia and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Virginia supported 110,100 jobs in 2006; 22% of the jobs were in manufacturing.

Investment

Of the \$18.5 billion invested in Virginia in 2006, 75%, or \$13.9 billion came from Europe.

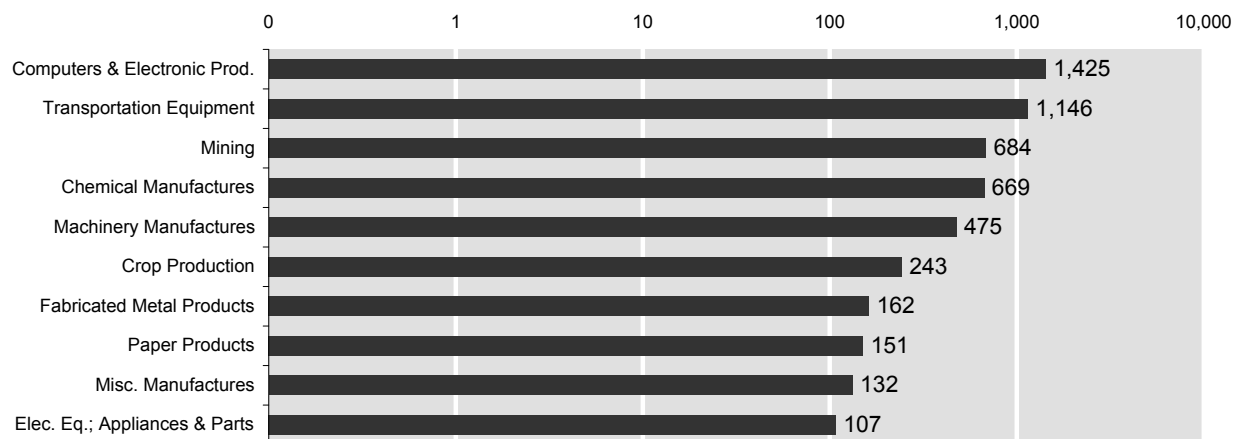
Sources of FDI within Virginia, 2006	
Country	FDI (\$ Millions)
Germany	5,075
Japan	2,076
Netherlands	1,722
United Kingdom	1,619
France	1,445

Trade

In 2007, Europe purchased \$5.8 billion worth of goods from Virginia. Nearly half of the state's exports to Europe is composed of computer and electronic products and transportation equipment.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	1,099
Germany	962
Portugal	897
Italy	452
Netherlands	439

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Washington and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Washington supported 56,600 jobs in 2006; 22% of the jobs were in manufacturing.

Investment

Of the \$19.9 billion invested in Washington in 2006, 50%, or \$9.9 billion came from Europe.

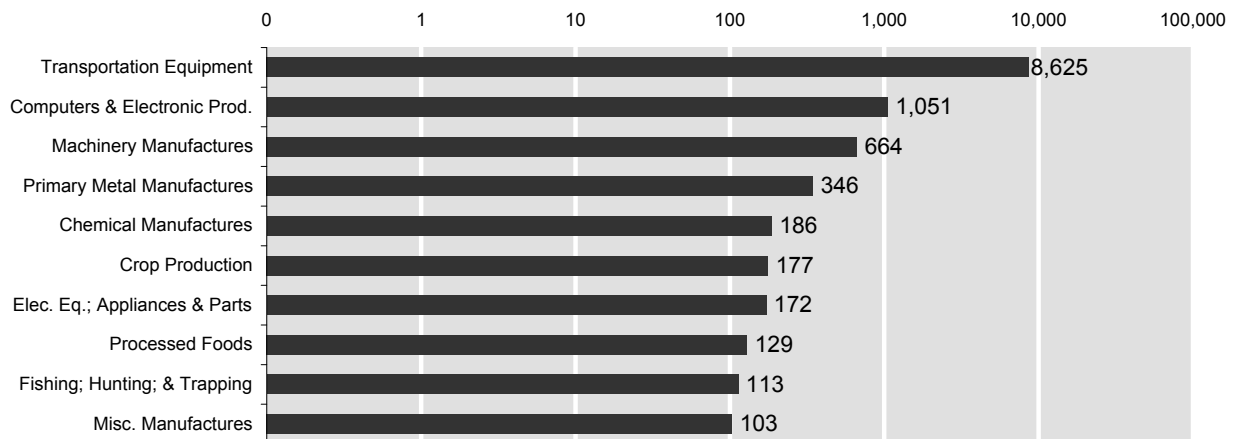
Sources of FDI within Washington, 2006	
	FDI (\$ Millions)
Canada	3,466
Germany	3,337
Japan	3,040
United Kingdom	2,464
Netherlands	1,745

Trade

In 2007, Europe purchased \$11.8 billion worth of goods from Washington. Transportation equipment makes up 73% of the state's exports to Europe, though falling in value 17% from 2000.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Ireland	2,388
France	2,321
United Kingdom	1,911
Germany	1,377
Netherlands	1,272

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

West Virginia and Europe Employment, Investment, and Trade Linkages

Employment

European investment in West Virginia supported 12,400 jobs in 2006; 43% of the jobs were in manufacturing.

Investment

Of the \$5.9 billion invested in West Virginia in 2006, just over 60%, or \$3.6 billion came from Europe.

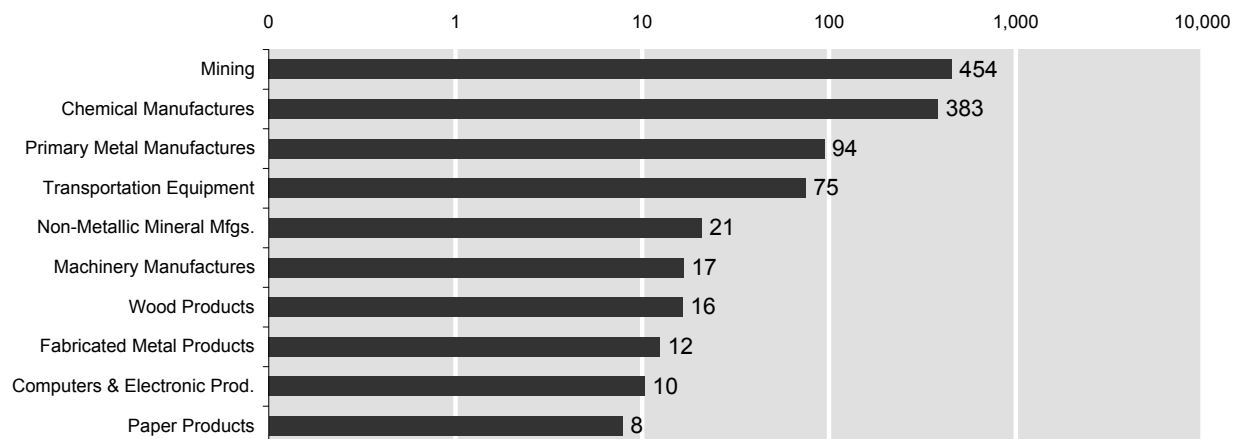
Sources of FDI within West Virginia, 2006	
Country	FDI (\$ Millions)
Germany	1,600
Japan	1,434
Canada	680
Italy	337
United Kingdom	330

Trade

In 2007, Europe purchased \$1.1 billion worth of goods from West Virginia. Mining exports have overtaken chemical manufactures as the state's top export to Europe. Combined, mining and chemical manufactures make up 75% of the state's exports to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	289
Netherlands	200
Italy	136
France	134
Germany	101

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Wisconsin and Europe Employment, Investment, and Trade Linkages

Employment

European investment in Wisconsin supported 64,400 jobs in 2006; 42% of the jobs were in manufacturing.

Investment

Of the \$16.1 billion invested in Wisconsin in 2006, 70%, or \$11.2 billion came from Europe.

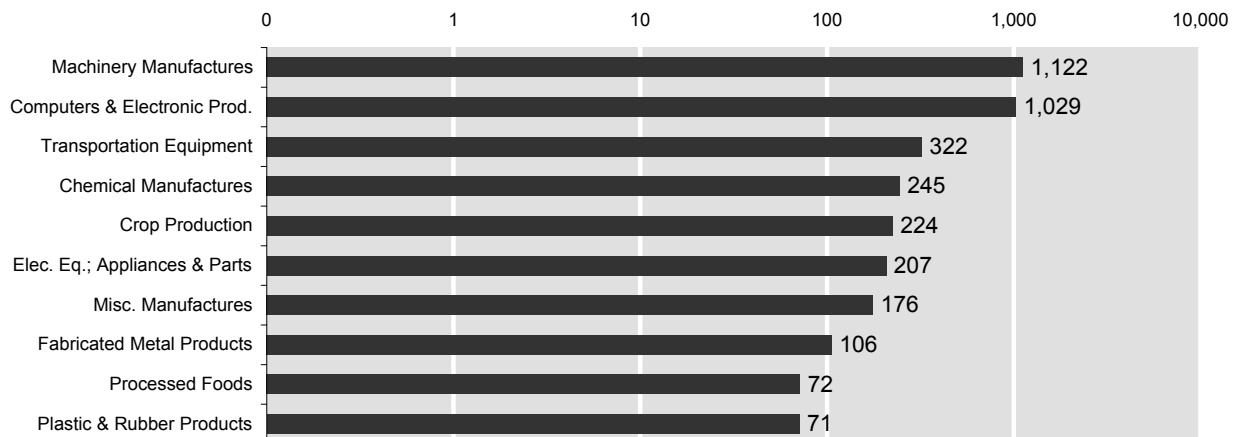
Sources of FDI within Wisconsin, 2006	
Country	FDI (\$ Millions)
Canada	3,420
Germany	2,749
United Kingdom	1,175
France	996
Netherlands	550

Trade

In 2007, Europe purchased \$3.9 billion worth of goods from Wisconsin. Machinery and computers are the top exports to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
United Kingdom	723
Germany	661
France	442
Belgium	423
Netherlands	388

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Wyoming and Europe

Employment, Investment, and Trade Linkages

Employment

European investment in Wyoming supported 4,500 jobs in 2006; 18% of the jobs were in manufacturing. The half British-owned mining company, Rio Tinto, and French-owned Schlumberger support nearly a fourth of these jobs.

Investment

Of the \$9.3 billion invested in Wyoming in 2006, nearly 79%, or \$7.3 billion came from Europe.

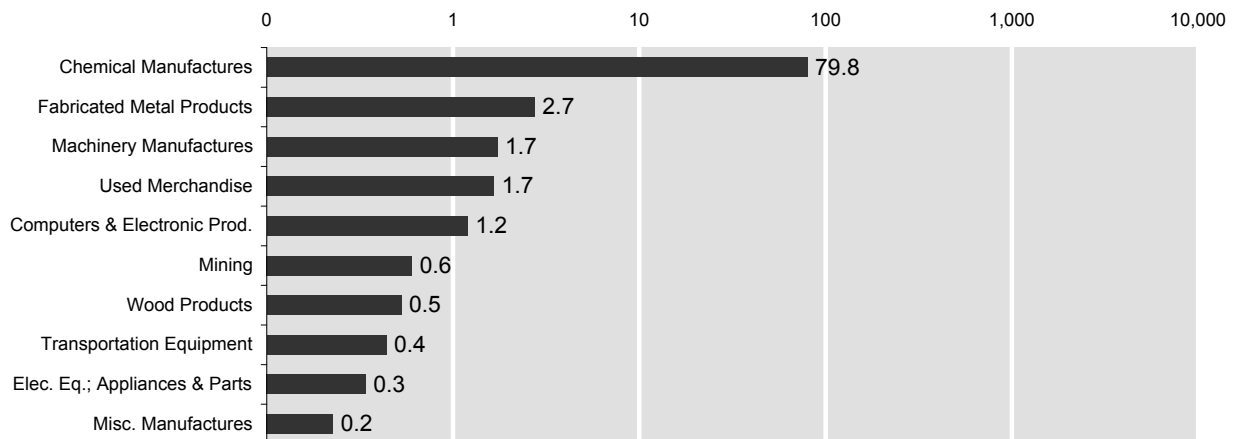
Sources of FDI within Wyoming, 2006	
Country	FDI (\$ Millions)
Canada	763
Japan	29
France	20
Switzerland	7
Sweden	6

Trade

In 2007, Europe purchased \$89.5 million worth of goods from Wyoming. By a wide margin, chemicals are the top export to Europe.

Top European Export Markets, 2007	
Country	Exports (\$ Millions)
Belgium	23
Netherlands	21
Spain	19
France	10
United Kingdom	9

Top Ten Exports to Europe (\$ Millions)



Source: Bureau of Economic Analysis; Office of Trade and Industry Information

Chapter 4
U.S. Commerce and Europe:
A Country-by-Country Comparison

The European Union remains the favorite destination for U.S. foreign direct investment, a preference supported by a number of factors, including Europe's underlying wealth (reflected in a high-income consuming class), transparent rule of law, liberal investment environment, skilled labor pool, and knowledge-intensive industries. Access to the new EU member states of central and eastern Europe is another factor that makes the EU among the most favored destinations of U.S. foreign direct investment. Finally, Europe's Single Market and single currency—while both are incomplete and imperfect—are two more important factors that continue to draw more U.S. capital to Europe. Next to the United States, Europe is the closest economic entity in the world—in terms of size and scale—that resembles anything like a coherent, single market, easily accessible to those firms operating from within.

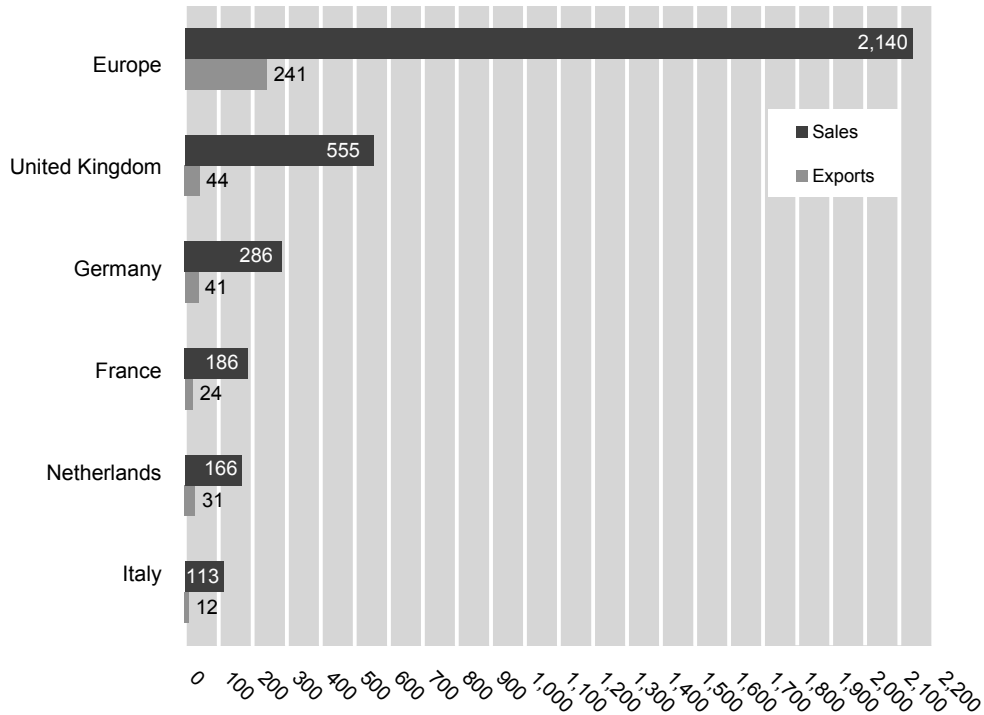
Operating from within the EU Single Market, in fact, has long been a key corporate strategy of many U.S. firms. As the Single Market has expanded, U.S. firms have joined European companies in adjusting their respective comparative advantage to new economies of scale, new pan-European structures of specialization and integration, and a different geoeconomic landscape by extending and rejiggering production and service networks across a larger continental space.

Reflecting this dynamic, U.S. foreign affiliate sales in Europe totaled \$2.1 trillion in 2006, the last year of available data. U.S. exports of goods to Europe in the same year were not insignificant: \$241 billion, just 11% of affiliate sales. Yet with very few exceptions, the primary means by which U.S. companies deliver goods and services to various markets in Europe is via affiliate sales rather than exports.

To this point, U.S. foreign affiliate sales in the United Kingdom totaled \$555 billion in 2006, some 12 times greater than U.S. exports to the U.K. the same year. In Germany, U.S. exports of \$41 billion were easily swamped by sales of U.S. affiliates in Germany of \$286 billion.

U.S. investment to Europe considerably outweighs U.S. investment elsewhere in the world. That was the case in the 1960s, the 1970s, the 1980s and the 1990s. And things are no different in the first decade of the 21st century. Despite all the hype about U.S. production facilities decamping America for lower cost locales like China and India, corporate America's investment bias remains directed at Europe. From the start of this decade to mid-2008, Europe (broadly defined) accounted for over 57% of total U.S. foreign direct investment, on par with Europe's share in the 1990s and 1980s.

Sales of U.S. Affiliates in Europe vs. U.S. Exports* to Europe
\$ billions



Source: Bureau of Economic Analysis
*Exports of Goods only

U.S. companies ploughed nearly \$200 billion into Europe in 2007. That is a record amount, even eclipsing the booming investment amounts of the late 1990s. Over the balance of this decade (through mid-2008), six of the top ten overseas markets for U.S. investment have been in Europe. Of cumulative U.S. outflows between 2000 and the first half of 2008, the Netherlands ranked first, followed by the United Kingdom #2, Switzerland #4, Ireland, #6, Germany #8, and France #10. Also ranking in the top were America's Nafta neighbors—Canada and Mexico, taking 3rd and 5th, respectively. Japan ranked 7th and Singapore 9th.

The United Kingdom continues to be among the favored destinations of corporate America, although the UK's share of total U.S. investment to Europe has declined significantly this decade relative to the 1990s. Whereas the United Kingdom accounted for nearly 38% of total U.S. investment in Europe in the 1990s, the nation's share has dropped to 22% since the start of 2000.

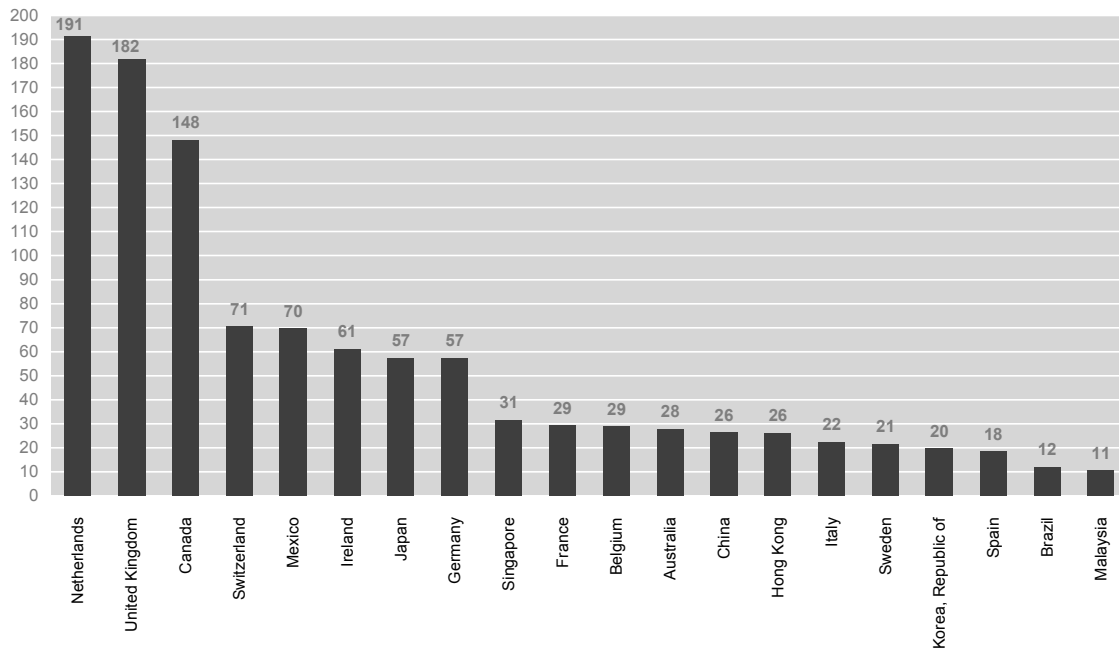
Thus far this decade, U.S. firms have invested more in the Netherlands than in the United Kingdom. Behind this trend: the expanding economic presence and clout of the European Union, with more and more U.S. firms opting to invest directly in continental EU member states rather than use the UK, a member of the EU but not of the euro, as an

export platform to greater Europe. The Netherlands has become an increasingly important launching pad for corporate America to the rest of Europe. As a critical export platform, the Netherlands' share of U.S. investment in Europe has increased from around 15% in the 1990s to nearly 23% this decade.

Over the past decade, Ireland also emerged as a top destination for U.S. investment, pulling some U.S. capital that in earlier years may have gone to the UK. Ireland's share of U.S. investment to the EU has surged from the past decade, rising from a share of 4.6% in the 1990s to 7.3% thus far this decade. Facilitating this rise in investment in Ireland has been the nation's low-cost, English-speaking labor force, coupled with the country's low corporate tax rates. The formula has made Ireland among the most favored destinations in the world for corporate America.

Interestingly, the share of U.S. investment in France and Italy has declined this decade relative to the previous one, while Germany's share has remained unchanged at 6.8%. No doubt, greater U.S. investment in central and eastern Europe has helped to reorder U.S. flows to Europe as well, with Poland, one of the largest consumer markets in Europe, a key attraction of corporate America.

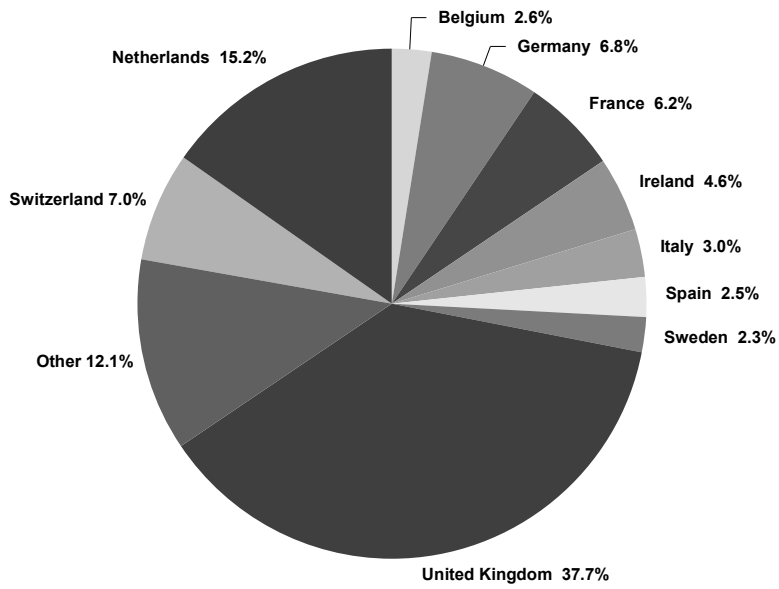
U.S. Foreign Direct Investment Outflows¹
Cumulative totals, 2000 - first-half 2008, \$ billions



Source: Bureau of Economic Analysis

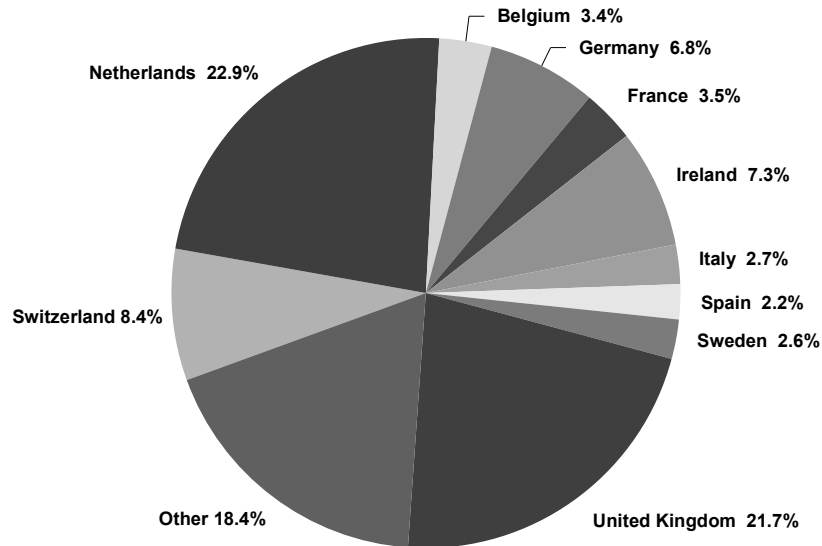
¹ Excludes Caribbean financial centers and Luxembourg

**U.S. Outward FDI Abroad: By Country for Capital Outflows
(% of Europe Total, 1990 - 1999)**



Source: Bureau of Economic Analysis, Investment Strategies Group at Bank of America
*Data through: Dec 31, 1999

**U.S. Outward FDI Abroad: By Country for Capital Outflows
(% of Europe Total, 2000 - 2Q2008)**



Source: Bureau of Economic Analysis, Investment Strategies Group at Bank of America
*Data through: June 30, 2008

U.S. Investment Outflows: Europe vs. the BRICs

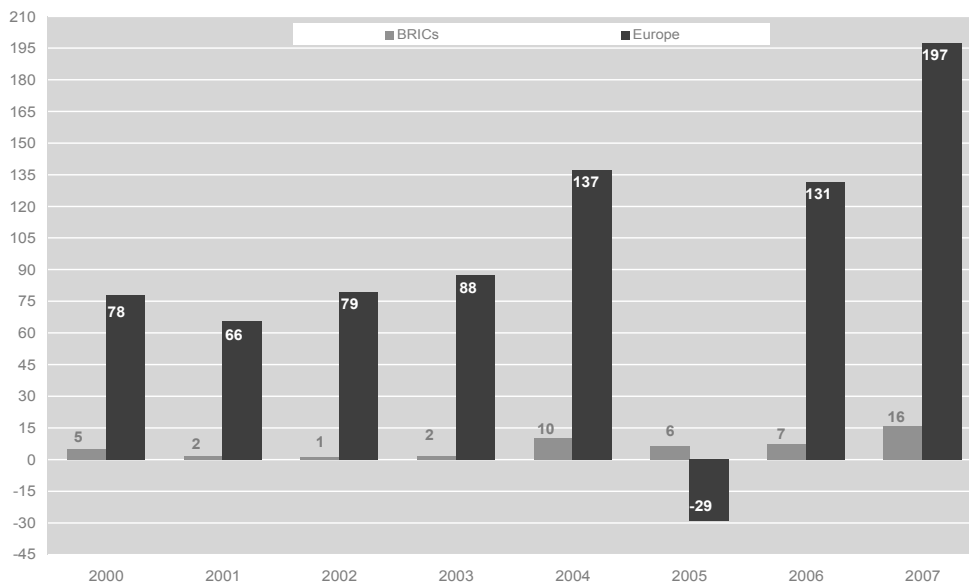
Corporate America's outsized presence in Europe in general runs counter to the prevailing consensus that when it comes to investing overseas, corporate America is headed for the low-cost nations of Asia and Latin America. Not true.

Take China for example. U.S. foreign direct investment to China has increased sharply this decade, with U.S. firms investing \$26.4 billion into the Middle Kingdom between 2000 and mid-2008. That sum is hardly insignificant but is less than the cumulative U.S. investment levels over the same period in Belgium (\$28.8 billion), France (\$29.3 billion), Germany (\$57.2 billion), Ireland (\$61 billion), the Netherlands (\$191 billion), Switzerland (\$70 billion) and the United Kingdom (\$181 billion). Putting the latter figure into perspective, what U.S. firms invested in the UK alone between 2000 and mid-2008 was greater than total U.S. investment in South and Central America, the Middle East and Africa.

Relative to other BRICs, the story is basically the same. America's cumulative investment in Brazil this decade (\$12 billion) is roughly half the U.S. investment in Spain. Russia has captured more U.S. investment since the start of this decade (\$9 billion) but that equates to only 40% of U.S. investment in Italy. Finally, besides China, no nation has probably attracted as much attention and hope as India, yet the \$10.4 billion sunk in India by U.S. firms since the beginning of this decade is roughly half U.S. investment in Sweden; the latter has a population of 9 million versus India's 1.2 billion.

On a combined and cumulative basis, U.S. investment in the BRICs totaled \$57.6 billion through mid-2008, on par with total investment in Germany. Corporate America's investment in the BRICs this decade is just 14% of total U.S. investment in the European Union.

U.S. Foreign Direct Investment Outflows to the BRICs vs. Europe
\$ billions



Source: Bureau of Economic Analysis

Looked at from the long term, or a historic cost basis, the U.S. investment position in Europe was 16 times larger than in the BRICs in 2007. In general, U.S. investment in Europe was nearly three times larger than corporate America's investment position in all of Asia at the end of 2007. U.S. investment stakes in Spain at the end of 2007, \$59 billion on a historic cost basis, were greater than combined U.S. investment position in China and India (\$42 billion).

U.S. foreign affiliate sales in Europe remain robust, although the geographic distribution of affiliate sales has shifted subtly over the past few decades. In 2004, the last year of available data, the share of U.S. foreign affiliate sales to the local market (as a percentage of the total) fell below 60% for the first time, dropping to 58.8%. In 1990, the share of U.S. affiliate sales to the local market was nearly 65%.

While local sales have declined as a percentage of the total, affiliate sales to third markets has increased sharply. In effect, U.S. affiliates are increasingly leveraging some European nations as export platforms. Ireland is a prime example. There, U.S. foreign affiliates sales totaled \$121 billion in 2004, making Ireland one of the largest markets in the EU in terms of foreign affiliate sales. However, foreign affiliate sales to the local market amounted to just \$29 billion in 2004, or less than one-quarter of the total. Sales to third markets, though, represented 61% of the total, while affiliate sales to the U.S. accounted for nearly 16% of the total.

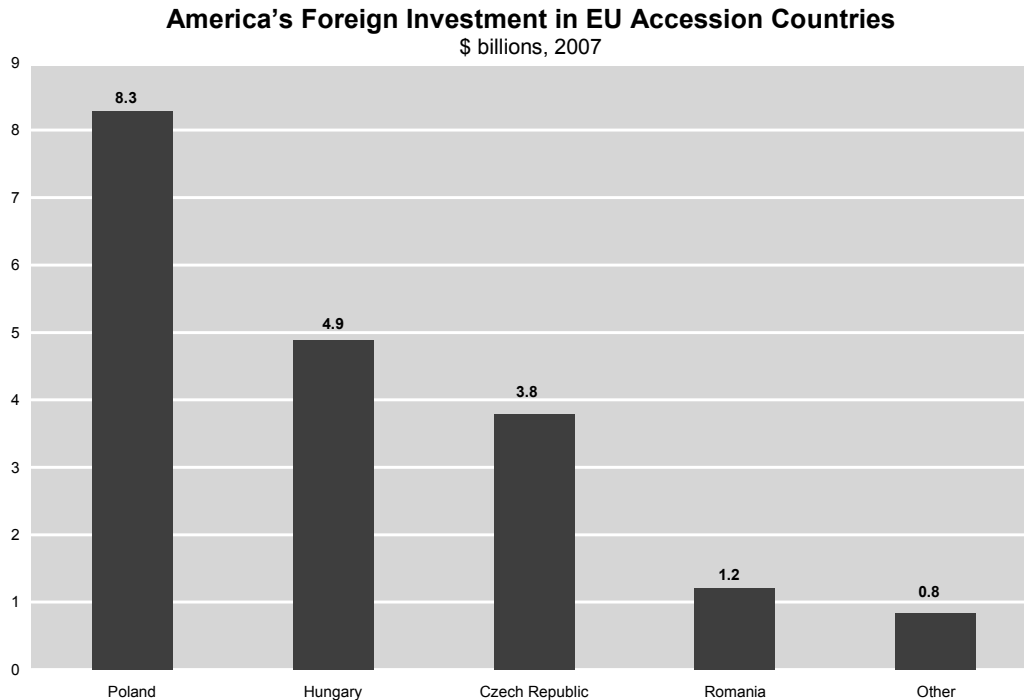
U.S. Affiliate Sales in Europe By Destination

% of total

Region	Calendar 1982 :			Calendar 1990 :			Calendar 2004 :		
	Local Market	Exports to 3 rd Market	Exports to U.S.	Local Market	Exports to 3 rd Market	Exports to U.S.	Local Market	Exports to 3 rd Market	Exports to U.S.
World	63.7%	25.6%	10.7%	67.0%	22.8%	10.2%	63.0%	26.6%	10.4%
Europe	61.4%	35.0%	3.6%	64.8%	31.2%	4.0%	58.8%	35.2%	6.0%
Austria	na	na	na	77.8%	21.1%	1.1%	70.2%	27.7%	2.1%
Belgium	39.7%	57.2%	3.1%	41.5%	55.5%	3.0%	45.5%	50.8%	3.8%
Denmark	na	na	na	75.7%	20.0%	4.3%	66.5%	24.0%	9.5%
Finland	97.6%	na	na	97.4%	0.2%	2.4%	58.2%	38.9%	2.9%
France	74.1%	24.0%	1.9%	72.4%	24.6%	3.0%	74.8%	21.0%	4.1%
Germany	69.8%	28.1%	2.1%	68.4%	29.0%	2.6%	65.0%	31.4%	3.6%
Ireland	na	na	5.3%	29.3%	64.9%	5.8%	23.8%	60.8%	15.4%
Italy	83.0%	16.0%	1.0%	82.3%	16.2%	1.5%	79.8%	17.4%	2.8%
Netherlands	44.1%	53.0%	2.9%	41.8%	55.7%	2.5%	43.8%	49.9%	6.3%
Norway	45.7%	41.7%	12.6%		37.7%		63.1%	31.3%	5.6%
Portugal	76.6%	22.8%	0.6%	79.5%	20.1%	0.4%	76.2%	22.1%	1.6%
Spain	72.9%	25.8%	1.3%	74.7%	23.7%	1.6%	70.3%	28.1%	1.6%
Sweden	81.0%	18.1%	0.9%	78.8%	19.1%	2.1%	57.8%	32.0%	10.1%
Switzerland	12.4%	81.3%	6.3%	25.4%	63.5%	11.1%	18.4%	76.8%	4.8%
United Kingdom	68.3%	26.4%	5.3%	74.6%	20.3%	5.1%	71.1%	21.0%	7.8%

Source: Bureau of Economic Analysis

Belgium, the Netherlands and Switzerland are three more nations where U.S. affiliate sales are greater in third markets and the U.S. than in the local market. The same is true for Hungary, a low-cost center for production and distribution for many U.S. affiliates in the heart of Europe.

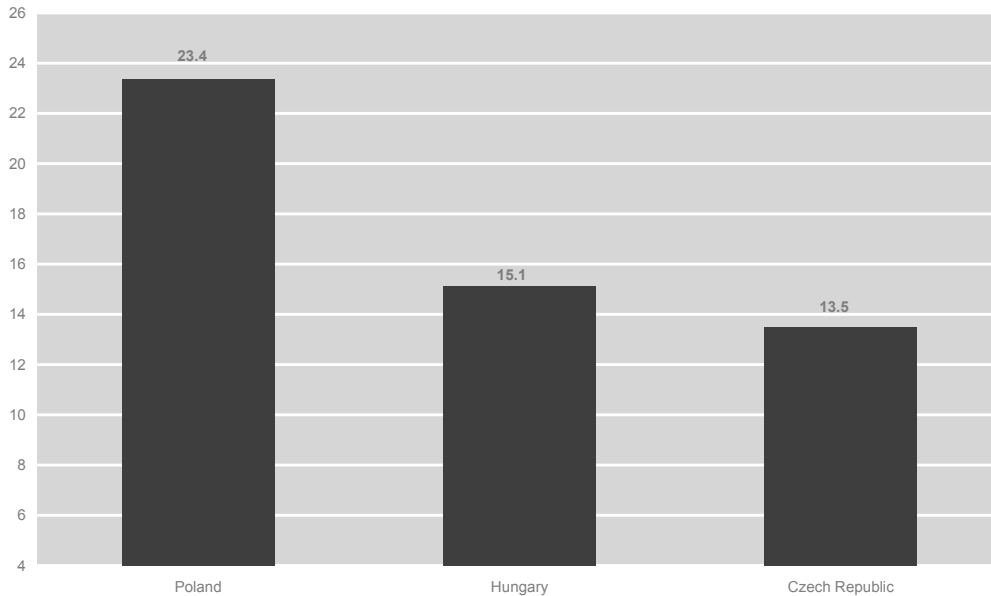


Source: Bureau of Economic Analysis

¹ Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia

The accession of ten countries (Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia, and Slovakia) to the EU in 2004, along with the inclusion of Romania and Bulgaria at the start of 2007, has presented U.S. multinationals with a host of new and promising strategic opportunities. Accession has helped integrate these nations into the mainstream of transatlantic commerce and expanded the size of the Single European Market. The last two rounds of enlargement have increased the number of EU member nations by over two-thirds, from 15 to 27; boosted the EU's population by nearly 20%; doubled its territory to over 2.5 million square miles; and nearly doubled its official languages. While the 12 new members add only about 5% to the overall output of the EU, they have been registering annual growth rates in excess of the EU annual average. U.S. multinationals have been very active in the accession states over the past decade, and are already well integrated into central and eastern Europe. The economic challenges facing the region in the wake of the financial crisis are daunting, but the nexus of commercial ties built up over the past decade only underscores the stake both the U.S. and core EU member states have in the success of central and eastern Europe.

U.S. Foreign Affiliate Sales in the EU Accession “Big Three” Countries
\$ billions, 2007



Source: Bureau of Economic Analysis

In particular, U.S. multinationals have been focused on the “Big Three” accession states—Poland, Hungary and the Czech Republic. Between 2000 and 2008, these nations, combined, attracted \$10.3 billion in U.S. capital, equal the amount that India attracted over the same period. In terms of profits—or affiliate income—U.S. affiliates earned \$2.4 billion in the “Big Three” in 2007, four times the level of 2000. Between 2000 and 2007, combined affiliate income from Poland, Hungary and the Czech Republic totaled \$11.3 billion; that is a fraction of total income from Europe although the “Big Three” have been the fastest growing markets in the EU for U.S. goods this decade.

The following pages outline U.S.-sourced jobs, trade and investment for each of the members of the European Union, including new EU member states Bulgaria and Romania. Norway and Switzerland are also included.

Austria & the United States Investment and Trade Figures

Investment

Not surprisingly, America's investment position in Austria exceeds Austria's investment stakes in the U.S. At \$31.5 billion in 2006, U.S. foreign affiliate sales in Austria were roughly ten times greater than comparable affiliate sales in the U.S. American affiliates employed nearly four times as many workers in Austria than Austrian firms employed in the U.S.

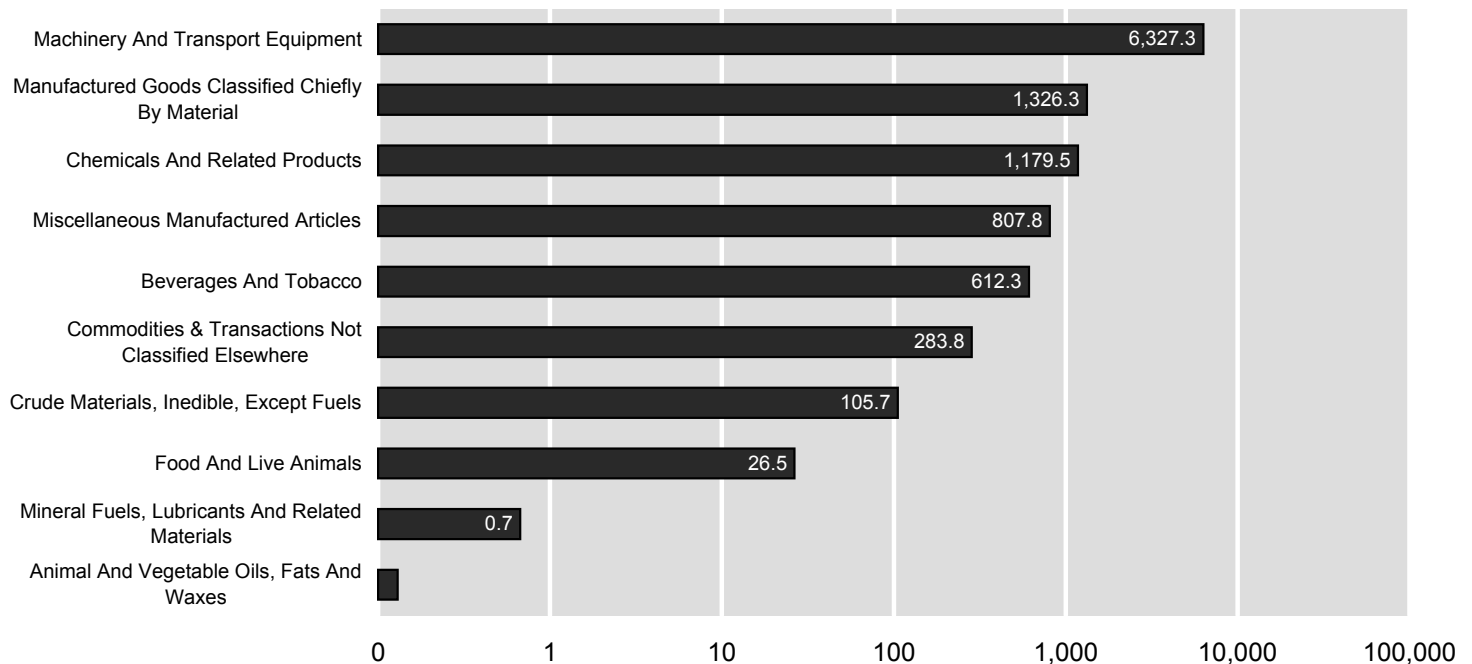
Austria - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Austria	Austria in U.S.
Foreign Direct Investment* (2007)	20.5	2.5
Total Assets of Affiliates	31.5	3.1
Foreign Affiliate Sales	19.3	4.0
Value Added of Affiliates	5.2	1.0
Affiliate Employees	40,000	10,500

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

On a global basis, the U.S. received \$8 billion, or 5% of the total goods Austria exported to the world in 2007, but the share going to the U.S. rises to 16.4% of the global total after excluding intra-EU trade, this is down from a high of 21% in 2004. Imports of U.S. goods constituted \$3.6 billion, or 2.2% of the total amount Austria imported from the world the same year and 10.4% when intra-EU imports were removed from the global total, down from a share of nearly 20% in the late 1990s.

Top Ten U.S. Imports from Austria, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Belgium & the United States Investment and Trade Figures

Investment

America's investment position in Belgium is nearly three times larger than Belgium's investment stakes in the U.S. U.S. investments in Belgium are increasingly made in the services sector rather than the manufacturing sector though the latter is larger in terms of jobs supported. Belgium affiliates employed 4% more workers in the U.S. than U.S. affiliates in Belgium. Value added by U.S. affiliates in Belgium totaled \$22.2 billion in 2006, 20% greater than U.S. affiliate output in China.

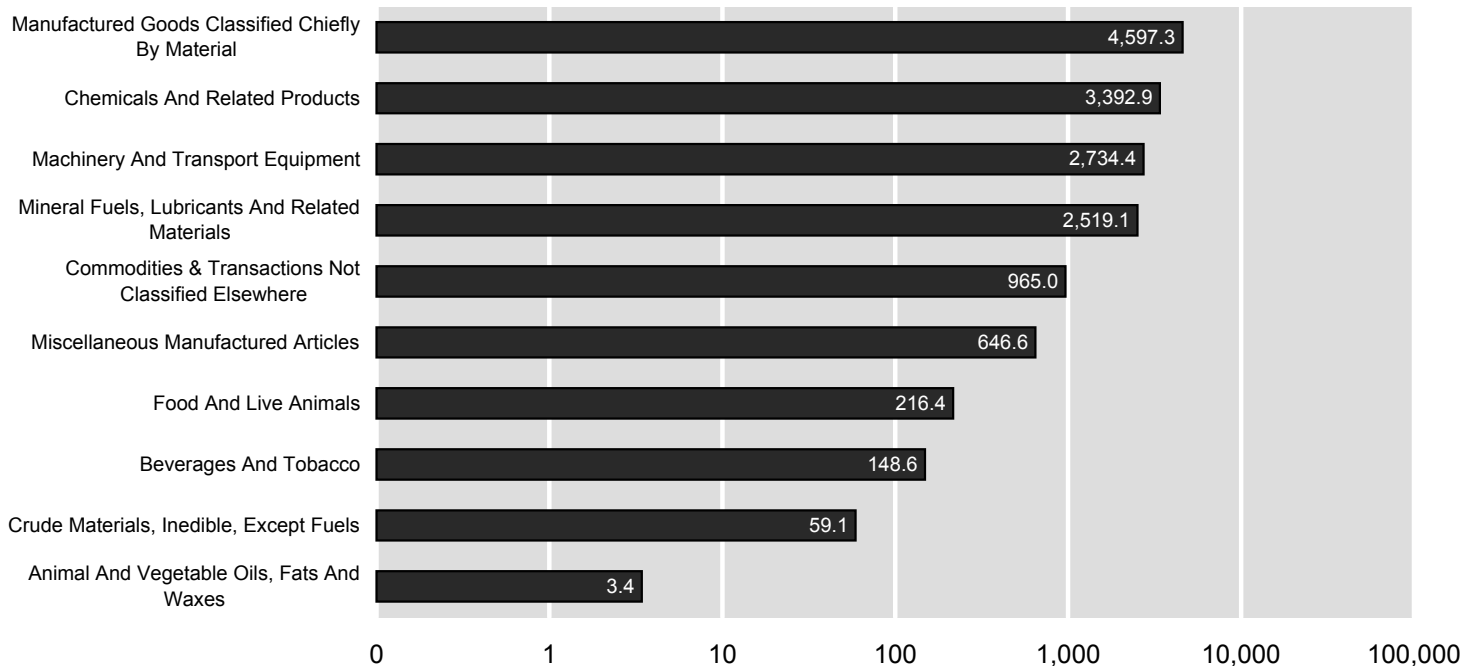
Belgium - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Belgium	Belgium in U.S.
Foreign Direct Investment* (2007)	54.5	19.5
Total Assets of Affiliates	247.7	58.4
Foreign Affiliate Sales	99.8	36.2
Value Added of Affiliates	22.2	7.2
Affiliate Employees	126,400	132,000

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. accounted for 5.7% of total exports from Belgium in 2007, but a share of 23.7% of total exports when intra-EU trade is excluded, down from a high of 31% in 2002. Manufactured goods lead the way as the top export category. Regarding imports, the U.S. supplied 5.4% of total imports by Belgium in 2007, although the share rises to 18.4% after accounting for intra-EU trade.

Top Ten U.S. Imports from Belgium, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Bulgaria & the United States Investment and Trade Figures

Investment

America's investment base in Bulgaria is rather small, with U.S. investment totaling \$200 million in 2007. U.S. affiliates employed 6,000 workers in 2006, placing Bulgaria roughly in the middle of the EU12 in terms of employment.

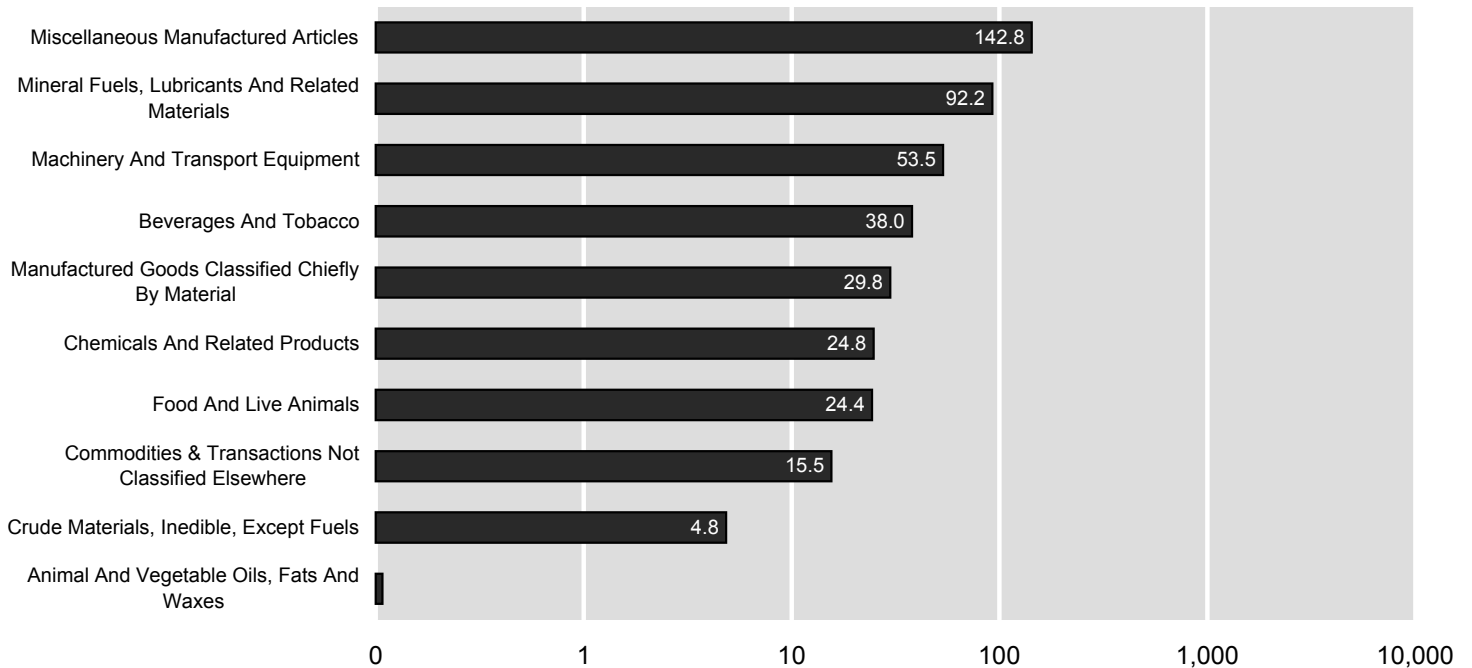
Bulgaria - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Bulgaria	Bulgaria in U.S.
Foreign Direct Investment* (2007)	0.2	-
Total Assets of Affiliates	0.8	-
Foreign Affiliate Sales	0.5	-
Value Added of Affiliates	0.1	-
Affiliate Employees	6,000	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. accounted for just 2.3% of Bulgaria's total exports in 2007; the percentage rises to just 5.3% when intra-EU trade is excluded from the total, down from a high of 13% in 2001. Imports from the U.S. are rather small, totaling just \$330 million in 2007, only 2.4% of Bulgaria's extra-EU imports.

Top Ten U.S. Imports from Bulgaria, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Cyprus & the United States Investment and Trade Figures

Investment

Given the the country's small market the nation has not attracted much U.S. foreign direct investment, which totaled just \$200 million in 2007.

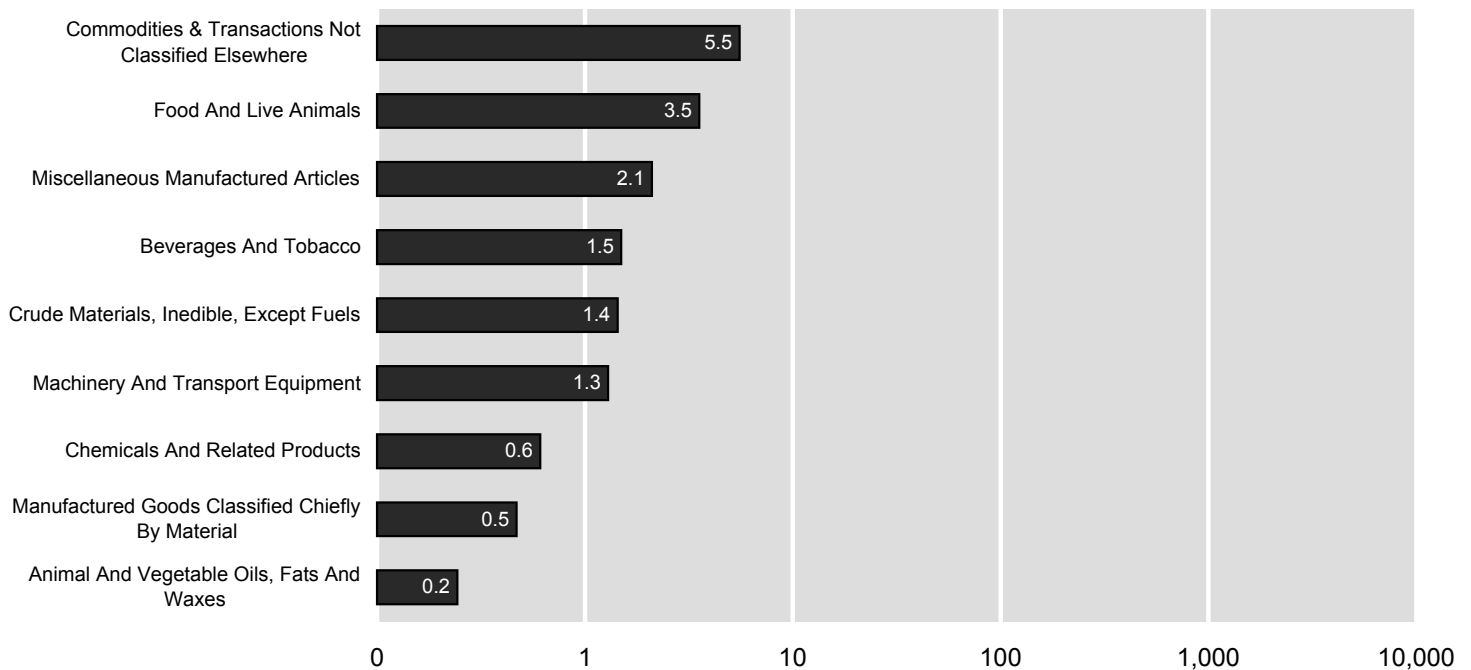
Cyprus - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Cyprus	Cyprus in U.S.
Foreign Direct Investment* (2007)	0.2	-
Total Assets of Affiliates	1.6	-
Foreign Affiliate Sales	1.1	-
Value Added of Affiliates	0.5	-
Affiliate Employees	1,500	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Cyprus is an increasingly insignificant supplier of goods to the United States; the U.S. accounted for just 1 % of total exports in 2007. Imports from the U.S. were equally small in 2007, totaling a little more than \$100 million.

Top Ten U.S. Imports from Cyprus, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Czech Republic & the United States Investment and Trade Figures

Investment

America's investment base in the Czech Republic is small but expanding, increasing 55% since 2004. U.S. foreign direct investment totaled \$3.8 billion on a historic cost basis in 2007. Value added by U.S.-owned affiliates totaled \$3.7 billion. Affiliate employment in the Czech Republic (66,700 workers) is among the highest in Eastern Europe. Foreign investment from the Czech Republic in the U.S. is still relatively very small.

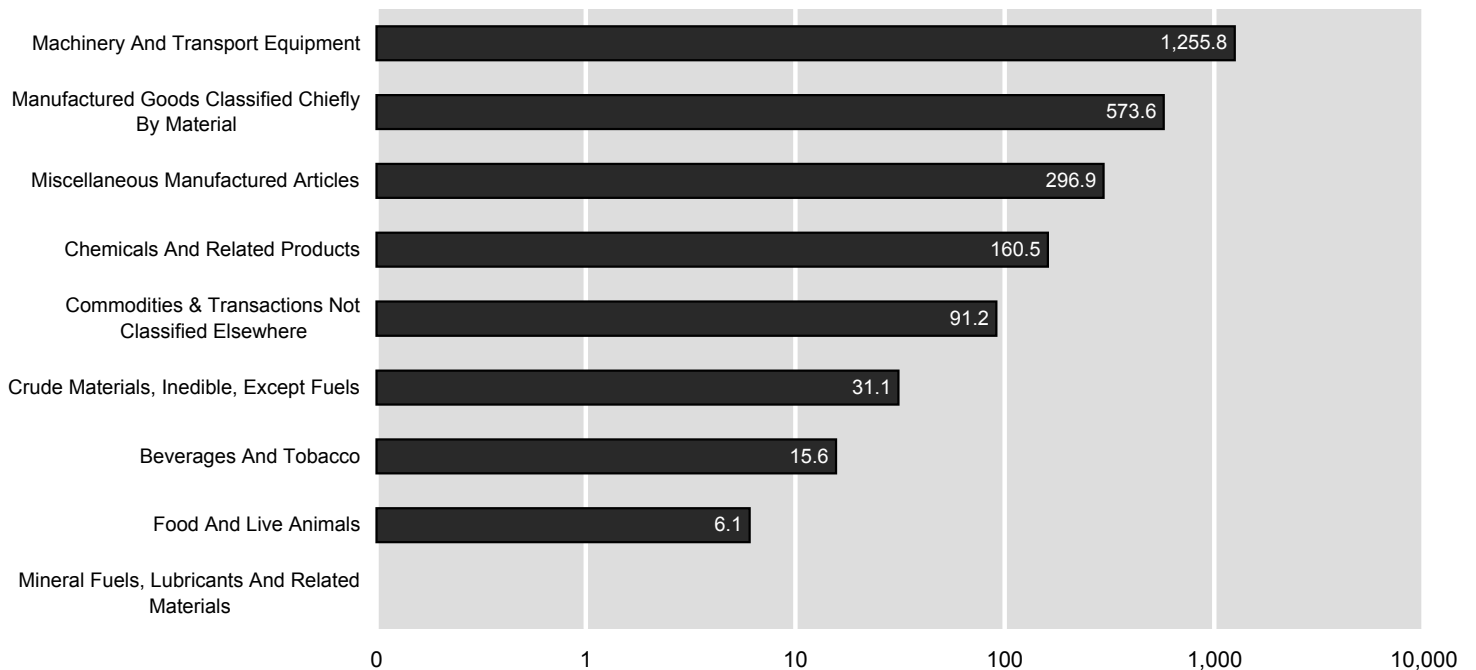
Czech Republic - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Czech Republic	Czech Republic in U.S.
Foreign Direct Investment* (2007)	3.8	0.03
Total Assets of Affiliates	13.0	0.001
Foreign Affiliate Sales	13.5	0.01
Value Added of Affiliates	3.7	0.002
Affiliate Employees	66,700	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from the Czech Republic totaled \$2.4 billion in 2007, quadruple the amount imported in 1997. Imports consist of high-end goods like parts and components for nuclear reactors and electronic machinery. U.S. imports make-up only 11.7% of the country's trade, down from 21% in 2001, as the Czech Republic diversifies its export base. Czech imports from the U.S. were relatively small, totaling \$1.5 billion in 2007.

Top Ten U.S. Imports from Czech Republic, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Denmark & the United States Investment and Trade Figures

Investment

Bilateral investment between the U.S. and Denmark favored Denmark in 2007 with the U.S. investing nearly double that of which Denmark invested in the U.S. Affiliate sales in the U.S. market hit \$12.6 billion in 2006 while U.S. affiliate sales in Denmark were \$15.4 billion. The affiliate employment balance favors Denmark, with U.S. affiliates in Denmark employing nearly double that amount of Danish affiliates in the U.S.

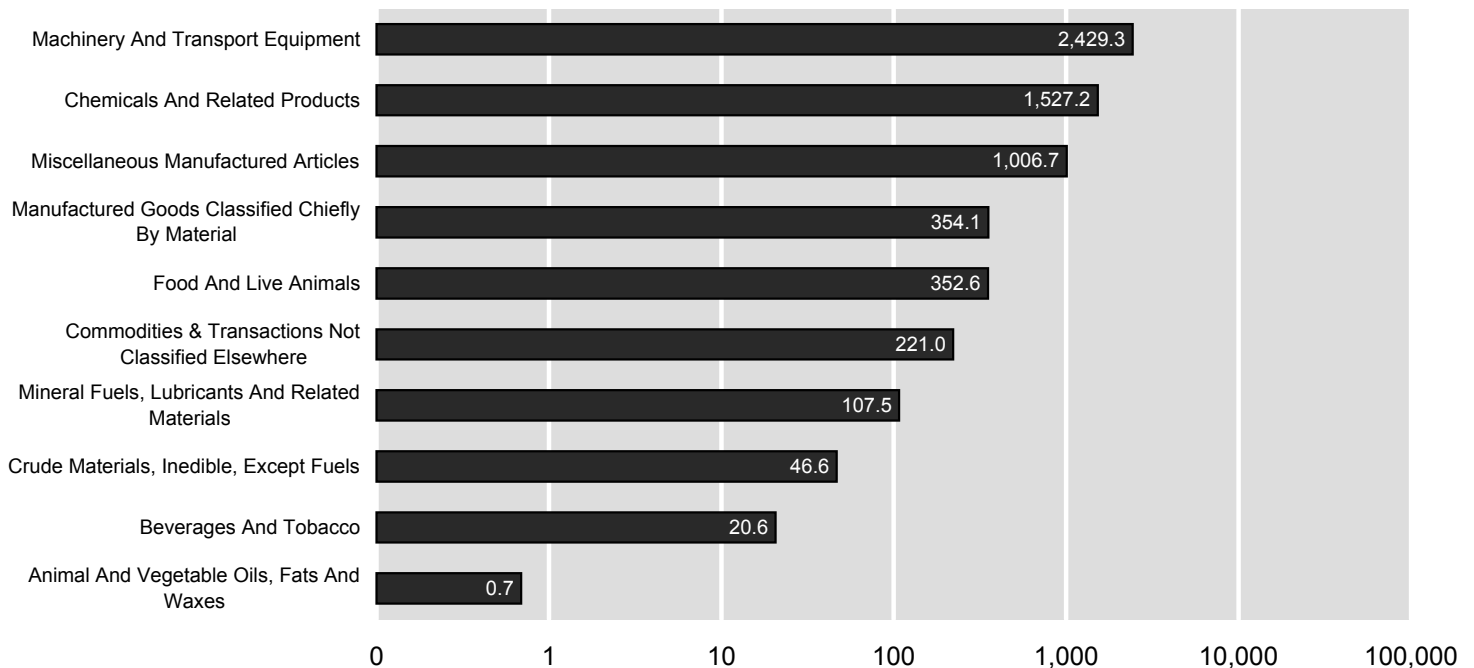
Denmark - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Denmark	Denmark in U.S.
Foreign Direct Investment* (2007)	7.9	4.1
Total Assets of Affiliates	34.3	24.2
Foreign Affiliate Sales	15.4	12.6
Value Added of Affiliates	6.2	3.2
Affiliate Employees	45,700	23,400

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Exports from Denmark to the U.S. totaled \$6.3 billion in 2007, or 6% of the global total. Excluding intra-EU trade, the share of exports to the U.S. rises to 20%. Danish imports from the U.S. totaled \$3.2 billion the same year, 3.2% of the global total and 12% ex. intra-EU trade. Machinery and transportation equipment, chemical, and misc. manufactured articles dominate U.S. imports from the country.

Top Ten U.S. Imports from Denmark, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Estonia & the United States Investment and Trade Figures

Investment

America's investment base in Estonia is the smallest out of all the EU12 countries but has expanded nearly 20% from 2004. U.S. investment in the country could increase as the Baltic states emerge as a key gateway to Russia and beyond.

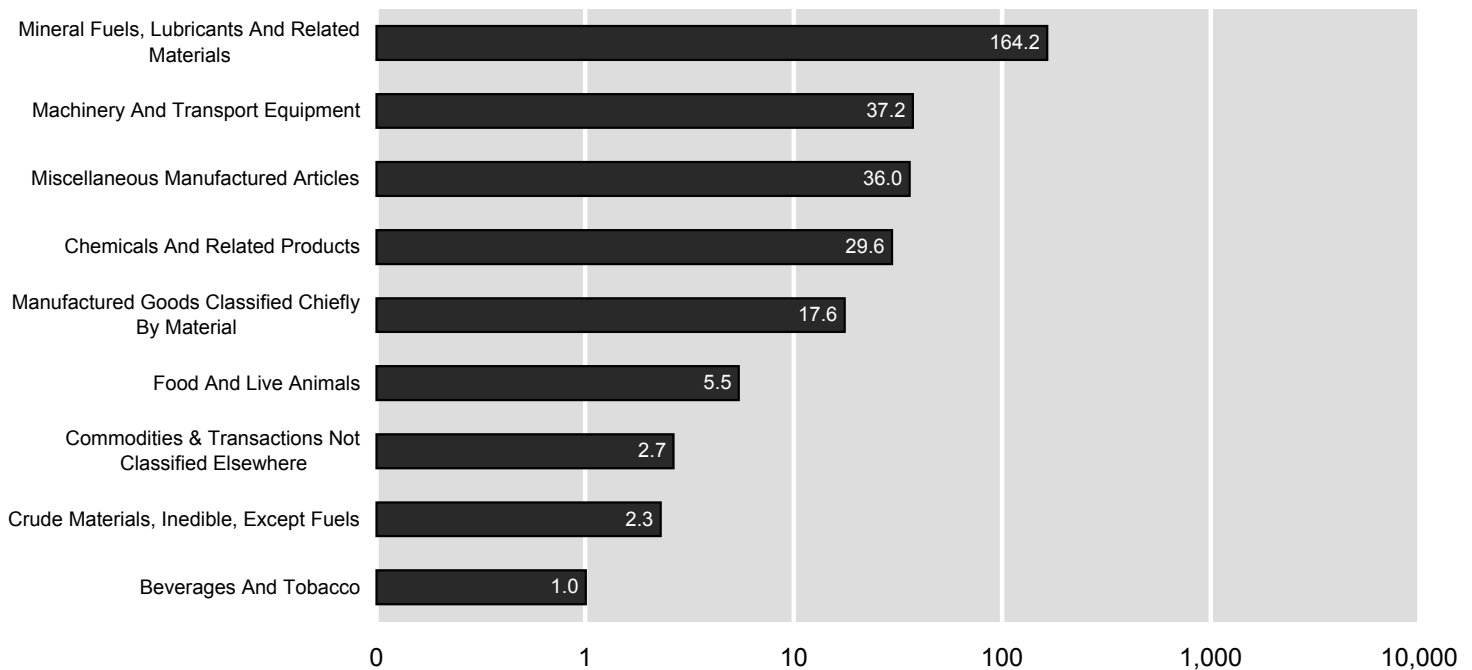
Estonia - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Estonia	Estonia in U.S.
Foreign Direct Investment* (2007)	0.03	-
Total Assets of Affiliates	-	-
Foreign Affiliate Sales	0.3	-
Value Added of Affiliates	0.1	-
Affiliate Employees	2,300	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Estonia totaled \$460 million in 2007, nearly ten times greater than imports in 1997. Mineral fuels, lubricants and related materials make up 55% of U.S. imports from Estonia. Estonia imports very little from the U.S., only 1.2% of total imports and 5.4% ex. intra-EU imports come from the United States.

Top Ten U.S. Imports from Estonia, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Finland & the United States Investment and Trade Figures

Investment

The investment balance favors the United States, with Finnish investment in the U.S. totaling \$6 billion in 2007 versus just \$2.7 billion of U.S. investment in Finland. A larger investment presence benefited Finnish affiliate sales in the U.S., which were some 60% larger than U.S. affiliate sales in Finland. While the affiliate employment balance favors the U.S., U.S. affiliates in Finland are second in number and jobs supported behind Swedish affiliates.

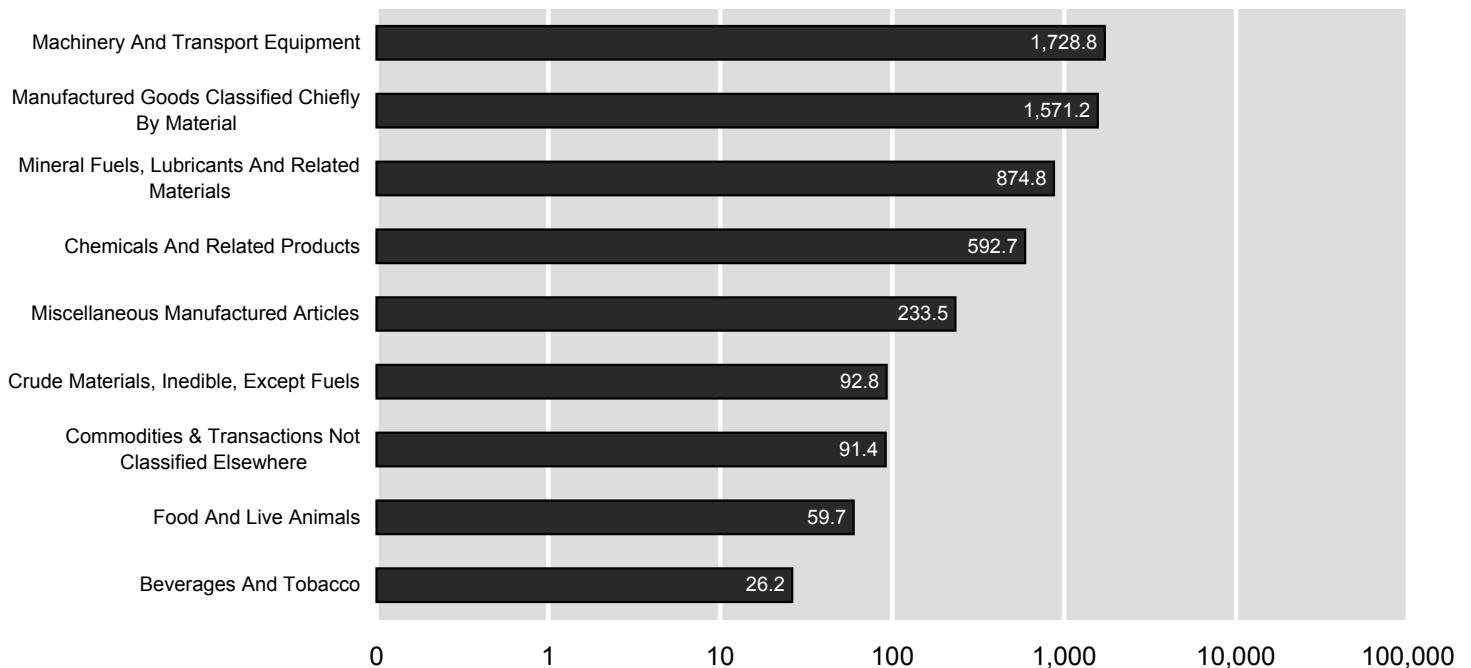
Finland - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Finland	Finland in U.S.
Foreign Direct Investment* (2007)	2.7	6.0
Total Assets of Affiliates	18.4	15.3
Foreign Affiliate Sales	13.7	21.8
Value Added of Affiliates	3.2	4.2
Affiliate Employees	22,600	33,500

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. received \$5.7 billion, or 6.4% of the total goods exported to the world in 2007, but the share going to the U.S. rises to 14.6% of the global total after excluding intra-EU trade. Imports of U.S. goods constituted \$1.8 billion, or 2.2% of the total amount imported from the world the same year and 6.2% when intra-EU imports were removed from the global total, down from a high of 22% in 1998.

Top Ten U.S. Imports from Finland, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

France & the United States Investment and Trade Figures

Investment

The investment balance favors the U.S., with U.S. investment in France (\$68.5 billion) just 41% of total French investment in the U.S. in 2007 (\$168.6 billion). The U.S. is a significant market for French firms, with U.S. affiliates of French firms recording nearly \$207 billion in sales during 2006. The employment balance now favors France. U.S. and French affiliates combined employed over 1 million workers in 2006.

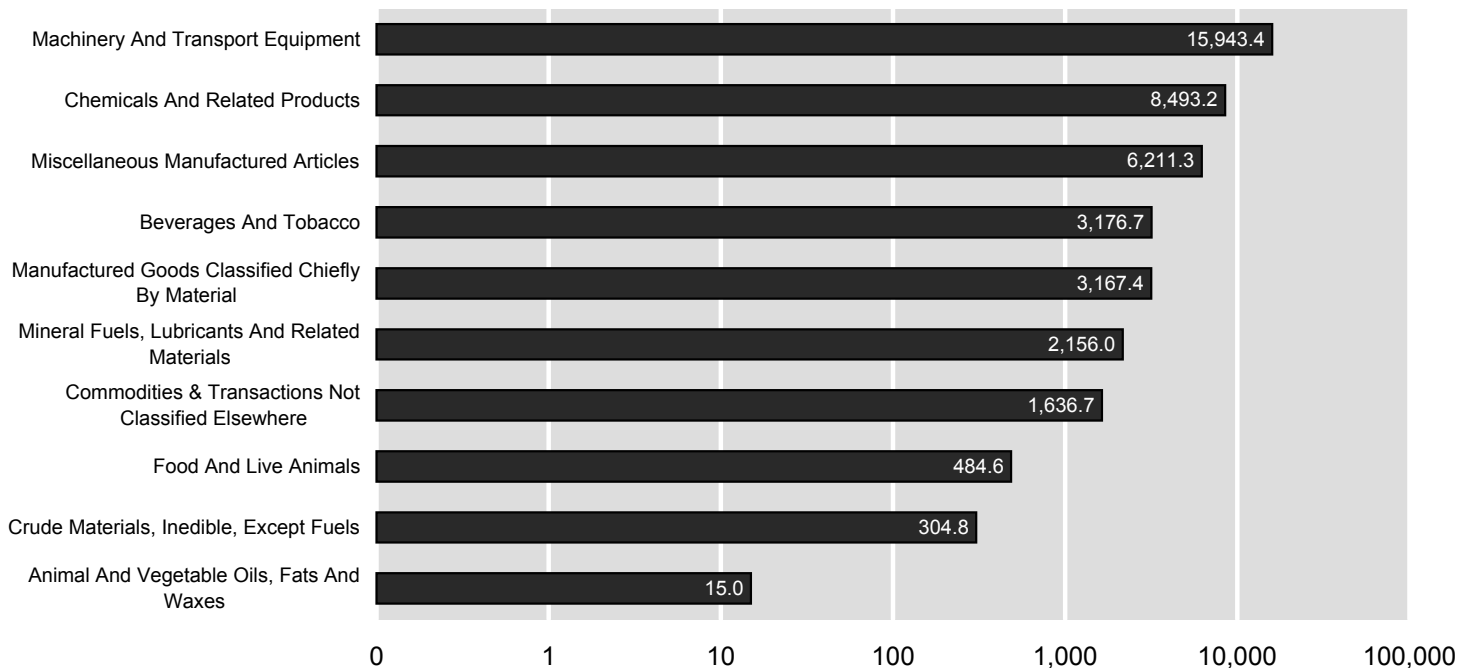
France - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in France	France in U.S.
Foreign Direct Investment* (2007)	68.5	168.6
Total Assets of Affiliates	276.0	776.5
Foreign Affiliate Sales	186.3	206.9
Value Added of Affiliates	50.0	58.9
Affiliate Employees	590,500	496,600

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. accounted for 6.1% of total exports from France in 2007, but a share of 17% of total exports when intra-EU trade is excluded. Products exported to the U.S. ran the gamut, from heavy machinery and transportation equipment to agricultural products. Regarding imports, the U.S. supplied 4.4% of total imports by France in 2007, although the share rises to 14% after accounting for intra-EU trade.

Top Ten U.S. Imports from France, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Germany & the United States Investment and Trade Figures

Investment

The investment balance favors the U.S., with U.S. investment in Germany totaling \$107.4 billion in 2007 versus \$202.6 billion of German investment in the U.S. Germany's asset base in the U.S. exceeded America's total asset base in Germany by nearly 50% in 2006, although the value added by American affiliates operating in Germany (\$85.3 billion in 2006) exceeded that of German affiliates in the United States. The employment balance favored the U.S. in 2006. U.S. and German affiliates combined employed over 1.2 million workers.

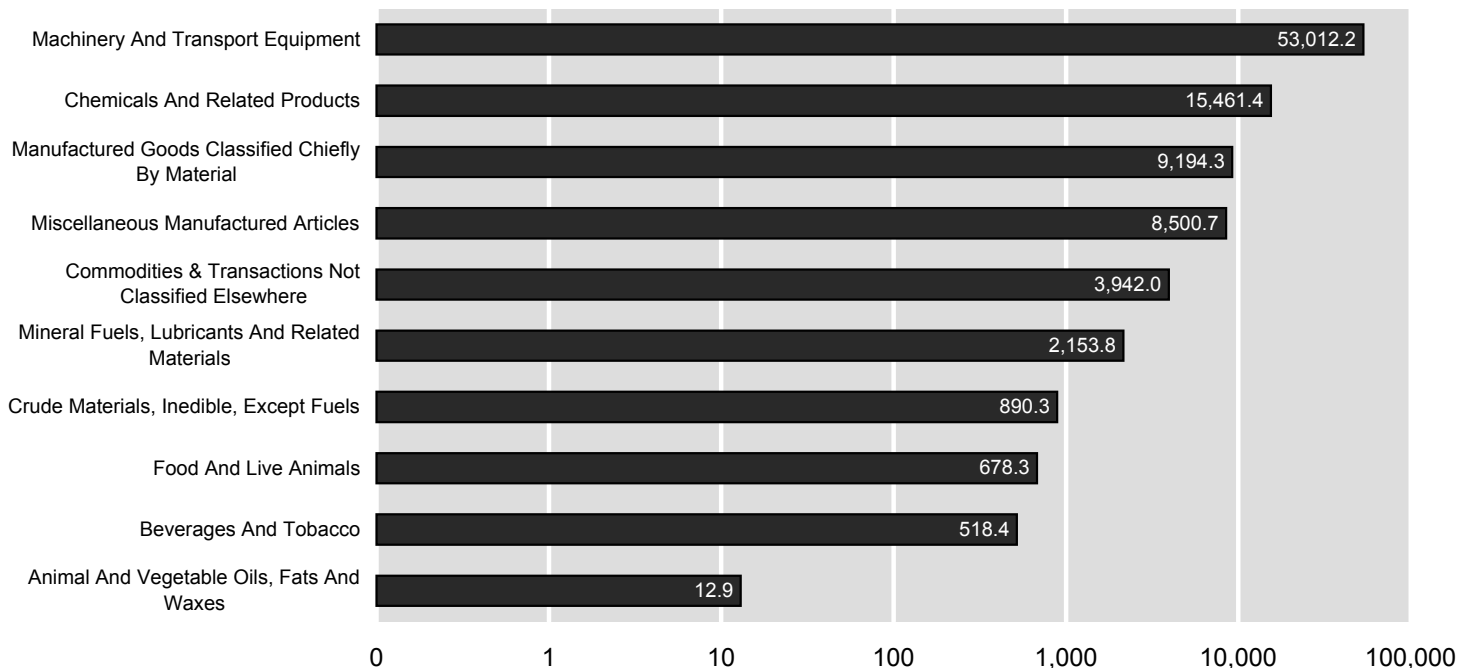
Germany - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Germany	Germany in U.S.
Foreign Direct Investment* (2007)	107.4	202.6
Total Assets of Affiliates	456.3	667.7
Foreign Affiliate Sales	286.1	371.5
Value Added of Affiliates	85.3	67.9
Affiliate Employees	592,100	664,400

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Germany is the largest European exporter to the U.S., with exports to the U.S. totaling over \$100 billion in 2007. The U.S. accounted for just over 7.5% of total German exports, but roughly 21% when intra-EU trade flows are excluded. Imports from the U.S. into Germany totaled \$47.6 billion—that equates to 4.5% of total German imports or 12.7% excluding intra-EU trade. Nearly three-fourths of U.S. imports from Germany consist of chemicals and machinery and transportation equipment.

Top Ten U.S. Imports from Germany, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Greece & the United States Investment and Trade Figures

Investment

The investment balance clearly favors Greece with America's investment position totaling \$1.8 billion in 2007. No data is available regarding the investment position of Greece in the U.S. U.S. affiliate sales of just \$6.9 billion in 2006 ranked among the lowest in the EU.

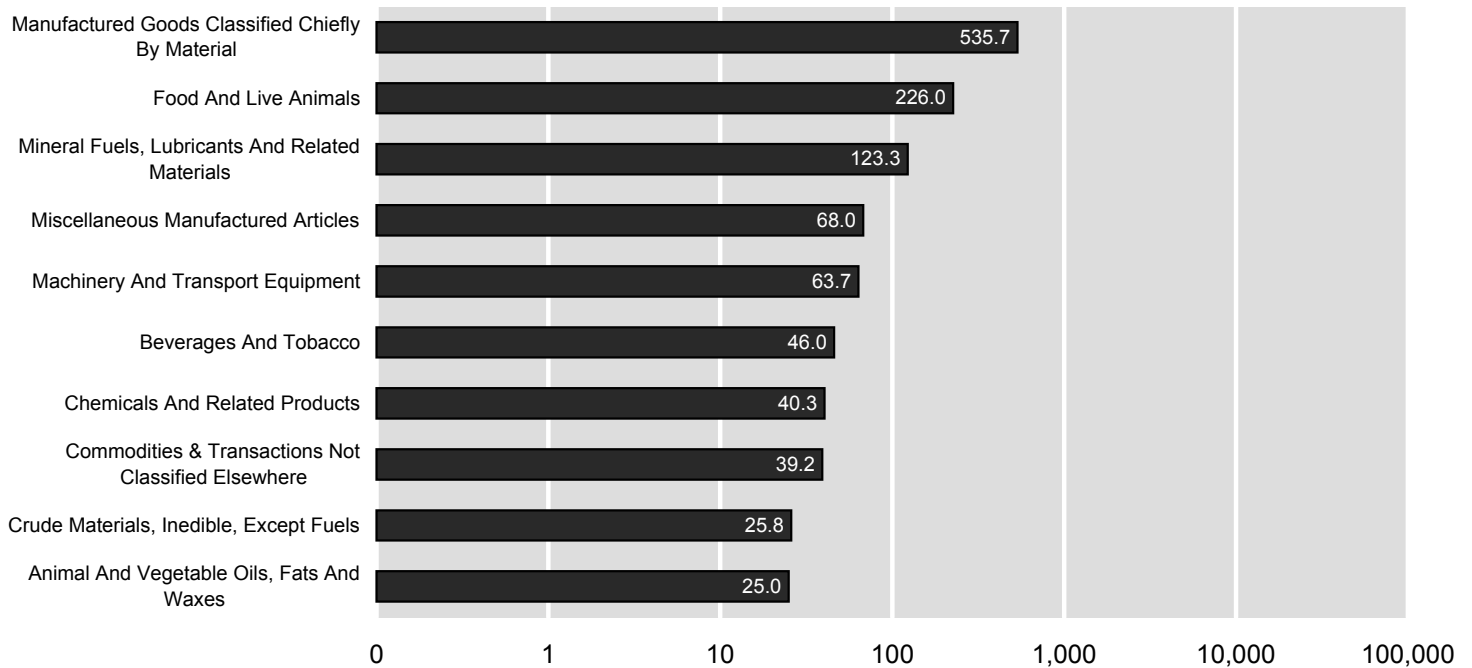
Greece - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Greece	Greece in U.S.
Foreign Direct Investment* (2007)	1.8	-
Total Assets of Affiliates	9.3	-
Foreign Affiliate Sales	6.9	-
Value Added of Affiliates	3.0	-
Affiliate Employees	16,300	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Greek exports to the U.S. totaled \$980 million in 2007, while imports from the U.S. amounted to \$1.7 billion. The U.S. accounted for 4.2% of total exports but nearly 9% ex. intra-EU exports. Greek imports from the U.S. were 2.3% of total imports from the world in 2007 and 5% ex. intra-EU imports.

Top Ten U.S. Imports from Greece, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Hungary & the United States Investment and Trade Figures

Investment

America's investment base in Hungary is among the largest in central Europe, with U.S. foreign direct investment totaling \$4.9 billion on a historic cost basis in 2007. Value added by U.S.-owned affiliates totaled \$3.4 billion. Affiliate employment in Hungary (59,300 workers) ranked third among EU12 countries. Hungarian affiliates in the U.S. invested a substantial amount in the U.S. in 2007, growing their investments in the U.S. 12% each year since 2003.

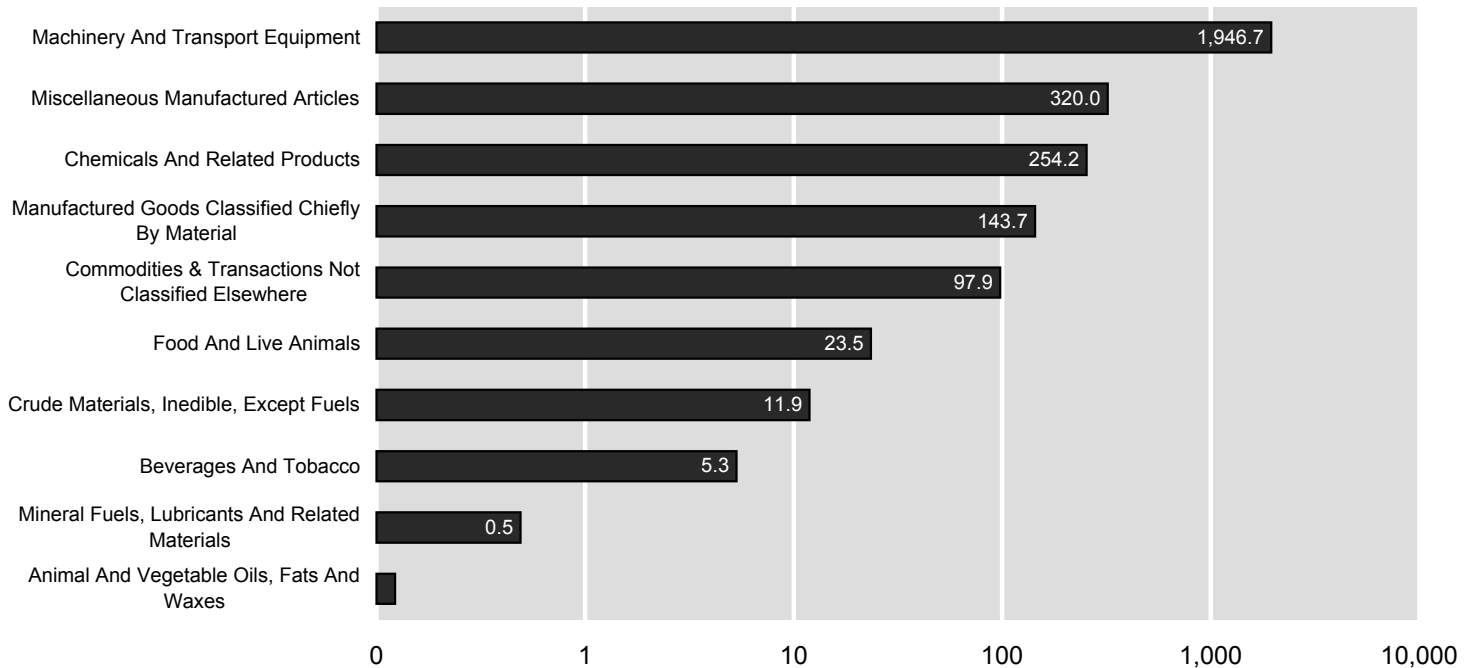
Hungary - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Hungary	Hungary in U.S.
Foreign Direct Investment* (2007)	4.9	29.1
Total Assets of Affiliates	28.7	-
Foreign Affiliate Sales	15.1	-
Value Added of Affiliates	3.4	-
Affiliate Employees	59,300	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Hungary totaled \$2.2 billion in 2007, up from \$600 million in 1997. The bulk of imports consists of parts and components, including those used in nuclear reactors. Vehicle and electronic shipments have increased along with greater affiliate production in the country. Hungary bought \$1.3 billion worth of U.S. goods in 2007.

Top Ten U.S. Imports from Hungary, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Ireland & the United States Investment and Trade Figures

Investment

The investment balance favors Ireland, with U.S. investment in Ireland totaling some \$87.0 billion in 2007 versus \$33.6 billion of Ireland's investment in the U.S. Value added by U.S. affiliates totaled \$48.6 billion in 2006. The affiliate employment balance favors Ireland by roughly 34,000 jobs. In particular, U.S. firms continue to build out their presence in Ireland's information technology industry while cutting back investment in the financial industry.

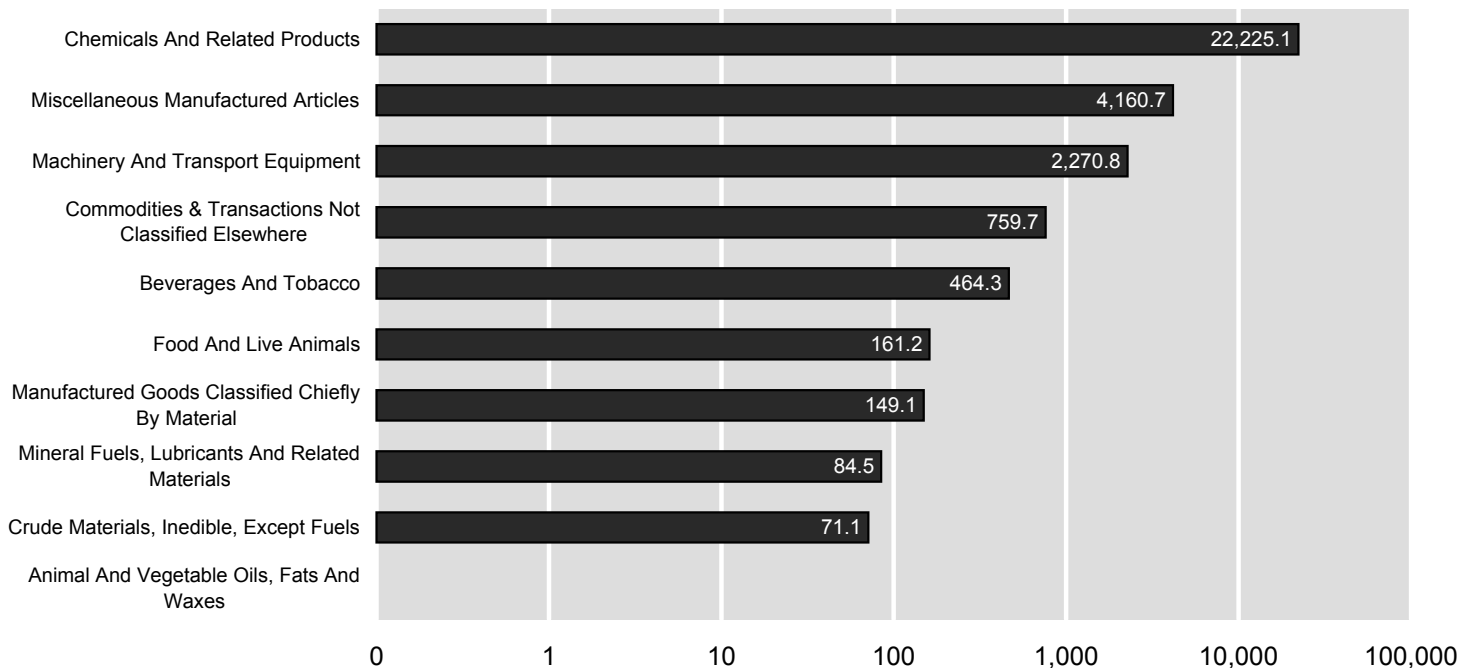
Ireland - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Ireland	Ireland in U.S.
Foreign Direct Investment* (2007)	87.0	33.6
Total Assets of Affiliates	402.9	26.7
Foreign Affiliate Sales	186.1	19.4
Value Added of Affiliates	48.6	6.0
Affiliate Employees	93,100	59,000

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. is a key export destination for Ireland, with exports to the U.S. totaling \$21.7 billion in 2007. The U.S. accounted for 18% of total exports from Ireland; when intra-EU exports are excluded from the total, the share of exports to the U.S. jumps to 48.4%. Seventy-three percent of U.S. imports from Ireland consist of chemicals and related products. The U.S. is also a key supplier to Ireland, with the U.S. accounting for 11.3% of total imports into Ireland in 2007 and 35% after excluding intra-EU trade.

Top Ten U.S. Imports from Ireland, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Italy & the United States Investment and Trade Figures

Investment

The investment balance favors Italy—U.S. investment in Italy totaled \$28.4 billion in 2007, versus the \$15.5 billion invested by Italian firms in the U.S. U.S. investment was mostly concentrated in manufacturing, information, and finance. Value added by U.S. affiliates in Italy was three times as much as that produced by Italian affiliates in the U.S. With U.S. foreign affiliates employing some 241,800 workers in 2006, the employment balance clearly favors Italy.

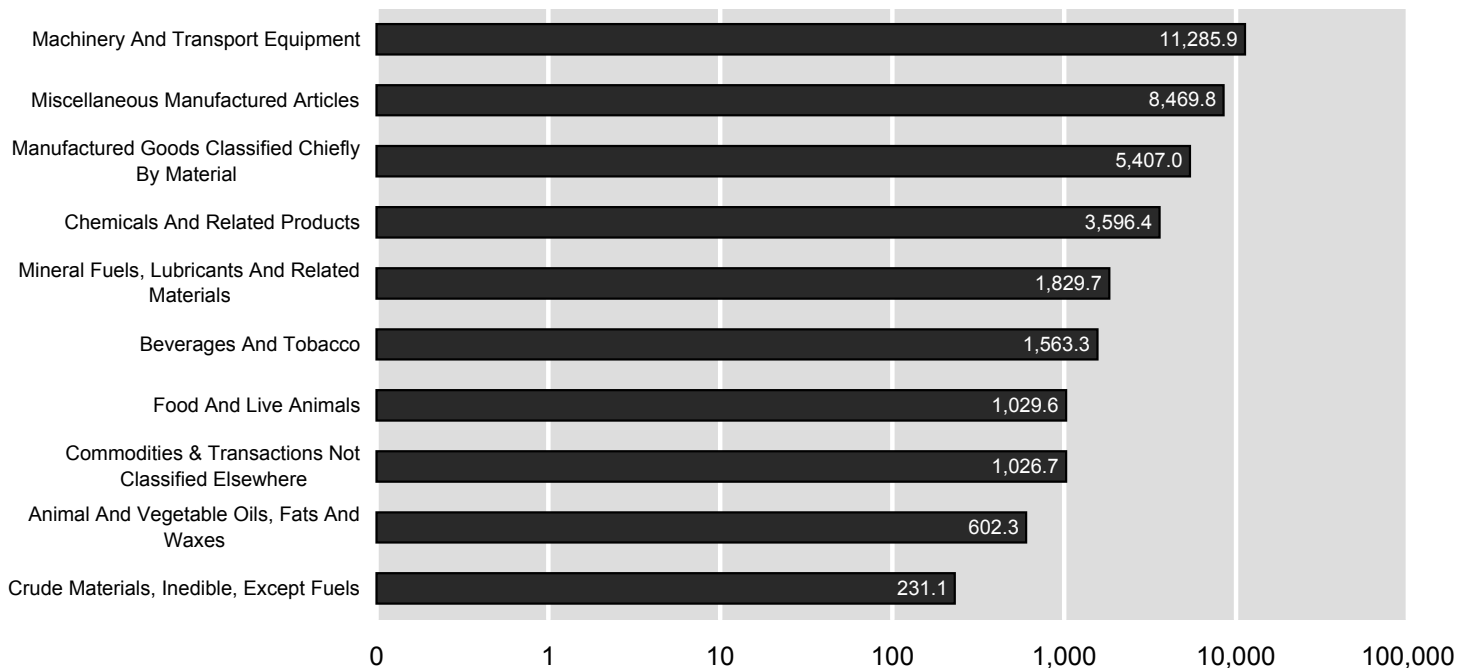
Italy - U.S. Global Linkages, 2006		
	(\$ billions)	
	U.S. in Italy	Italy in U.S.
Foreign Direct Investment* (2007)	28.4	15.5
Total Assets of Affiliates	131.1	53.1
Foreign Affiliate Sales	112.9	32.5
Value Added of Affiliates	30.9	9.3
Affiliate Employees	241,800	130,400

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. accounted for 6.8% of total exports from Italy in 2007, but a share of 16.2% of total exports after excluding intra-EU trade. Machinery, transportation goods, and manufactured goods were the top exports to the U.S. Regarding imports, the U.S. supplied 3% of total imports by Italy in 2007, although the share rises to 6.8% after accounting for intra-EU imports.

Top Ten U.S. Imports from Italy, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Latvia & the United States Investment and Trade Figures

Investment

Latvia has yet to attract much foreign direct investment from the United States. Investment linkages are shallow but expected to gradually expand over the next decade. U.S. affiliates supported only 1,100 jobs, the lowest among EU12 countries, but more than double the jobs supported in Latvia in 2000.

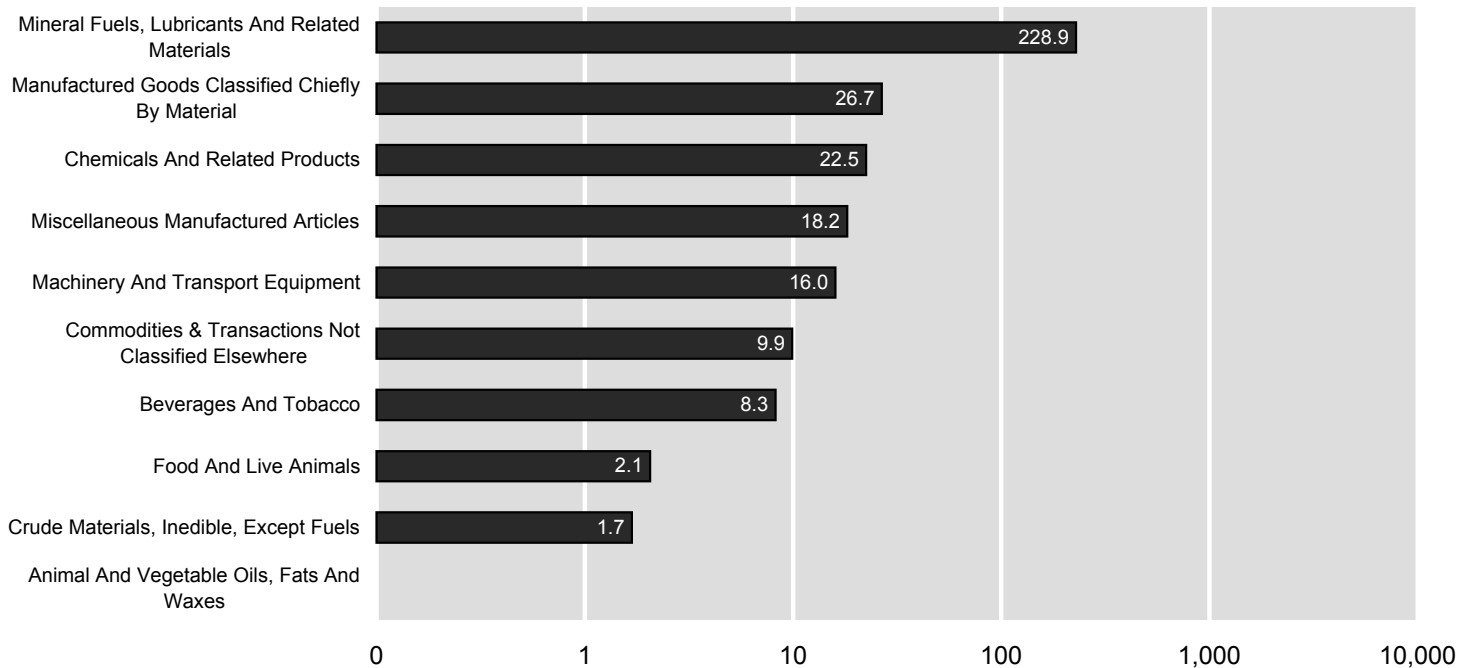
Latvia - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Latvia	Latvia in U.S.
Foreign Direct Investment* (2007)	0.1	-
Total Assets of Affiliates	0.4	-
Foreign Affiliate Sales	0.2	-
Value Added of Affiliates	0.1	-
Affiliate Employees	1,100	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Latvia have increased steadily over the past decade, with imports consisting mainly of primary commodities like mineral fuels, chemicals, iron and steel. The U.S. imported \$110 million worth of goods from Latvia in 2007. The U.S. is a small supplier to Latvia, with Latvian imports of U.S. goods totaling just \$170 million in 2007, nearly 5% of Latvia's extra-EU imports.

Top Ten U.S. Imports from Latvia, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Lithuania & the United States Investment and Trade Figures

Investment

Lithuania has yet to attract significant levels of U.S. foreign direct investment, however, as the Baltic states develop and become more integrated into the greater European market, U.S. investment flows are expected to increase.

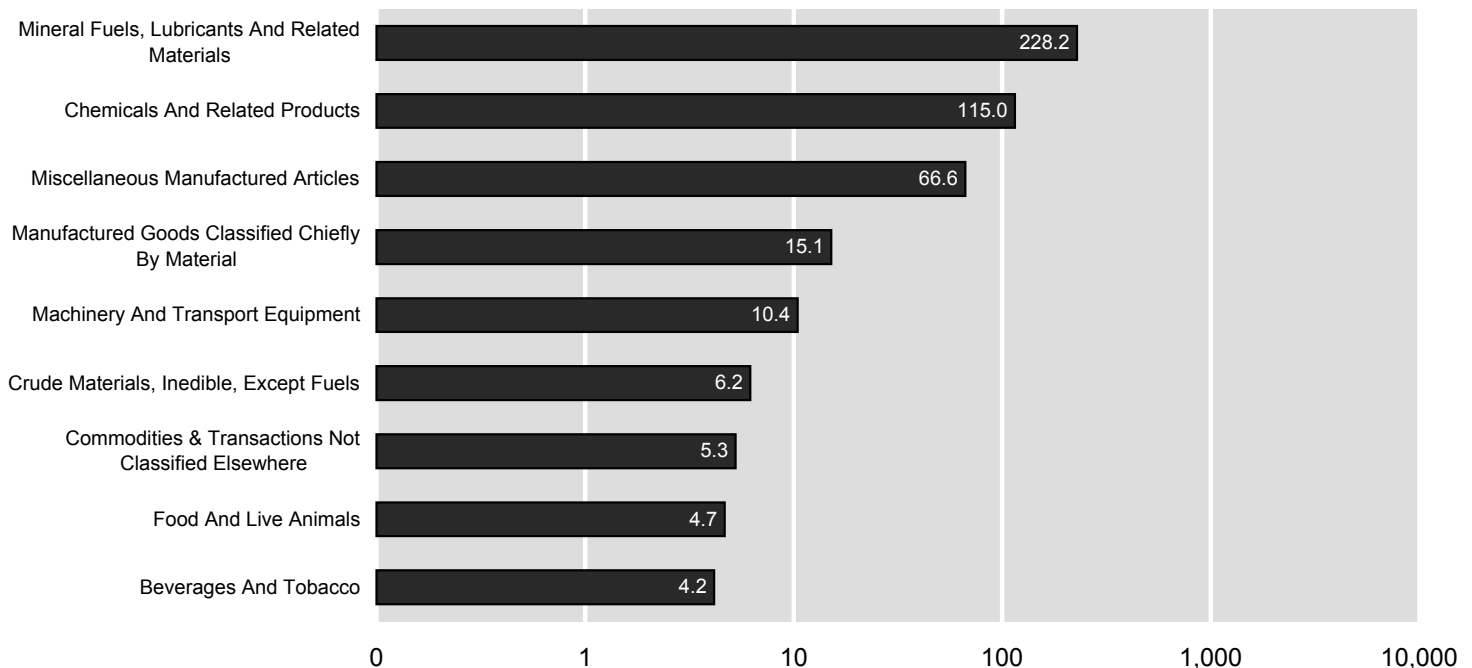
Lithuania - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Lithuania	Lithuania in U.S.
Foreign Direct Investment* (2007)	0.1	-
Total Assets of Affiliates	-	-
Foreign Affiliate Sales	-	-
Value Added of Affiliates	0.2	-
Affiliate Employees	1,700	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Lithuania have grown over the past decade, rising from just \$60 million in 1997 to \$440 million in 2007, slightly off a peak of \$600 million in 2006. Rising shipments of mineral fuel led the import surge. Lithuanian imports from the U.S. have grown to \$540 million in 2007, or 7% of the country's extra-EU imports.

Top Ten U.S. Imports from Lithuania, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Luxembourg & the United States Investment and Trade Figures

Investment

Investment between the U.S. and Luxembourg is skewed in favor of America, partially because most U.S. investment in Luxembourg is indirectly tied to other nations. The bulk of bilateral investment flows remain in financial services and related industries. U.S. affiliate sales in Luxembourg were double that of affiliates in the U.S.

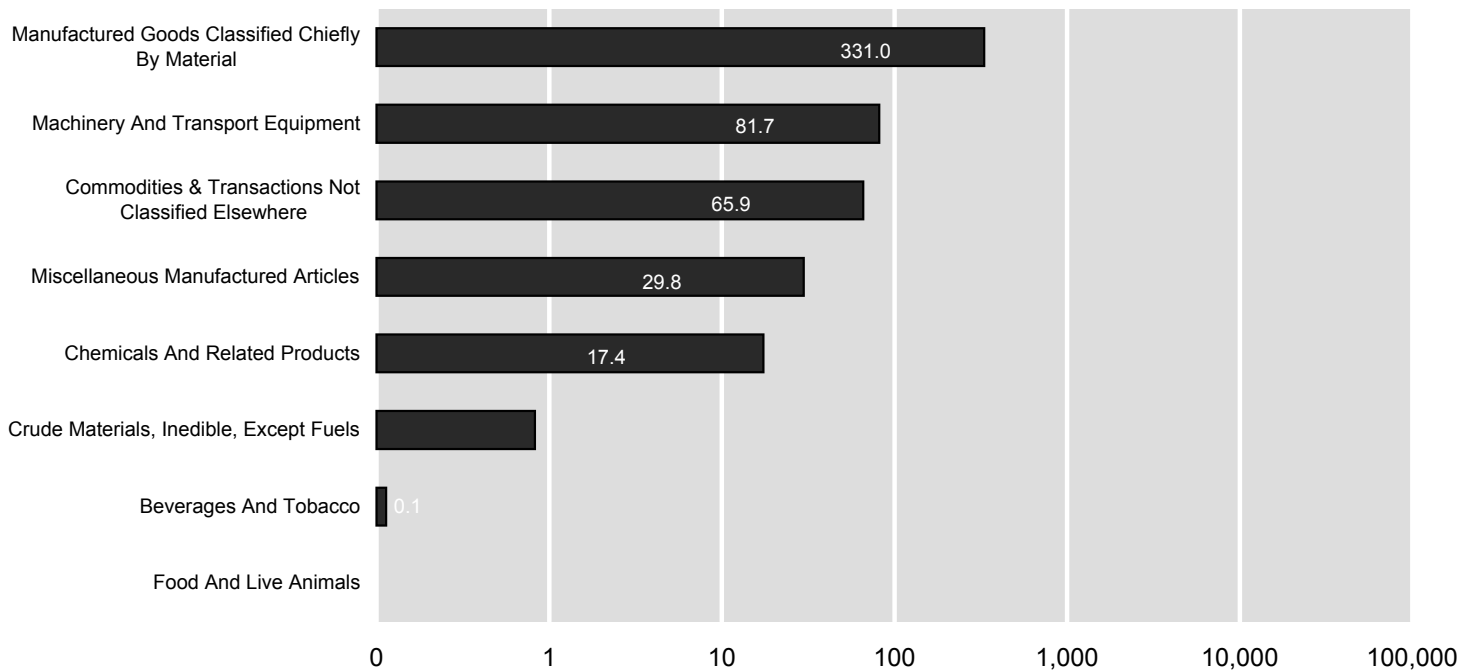
Luxembourg - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Luxembourg	Luxembourg in U.S.
Foreign Direct Investment* (2007)	113.6	134.3
Total Assets of Affiliates	596.0	13.7
Foreign Affiliate Sales	14.8	7.0
Value Added of Affiliates	2.3	1.8
Affiliate Employees	12,000	30,100

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Trade volumes are rather small—with exports to the U.S. totaling just \$400 million in 2007, while imports from the U.S. have grown to nearly \$1 billion. The U.S. accounted for only 2% of total exports but nearly 14% ex. intra-EU exports. Imports from the U.S. accounted for 3.5% of the total in 2007 and 13.3% ex. intra-EU imports.

Top Ten U.S. Imports from Luxembourg, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Malta & the United States Investment and Trade Figures

Investment

Given its small size, Malta has not attracted much U.S. foreign direct investment. The country has received \$300 million in U.S. investment each year for the past three years.

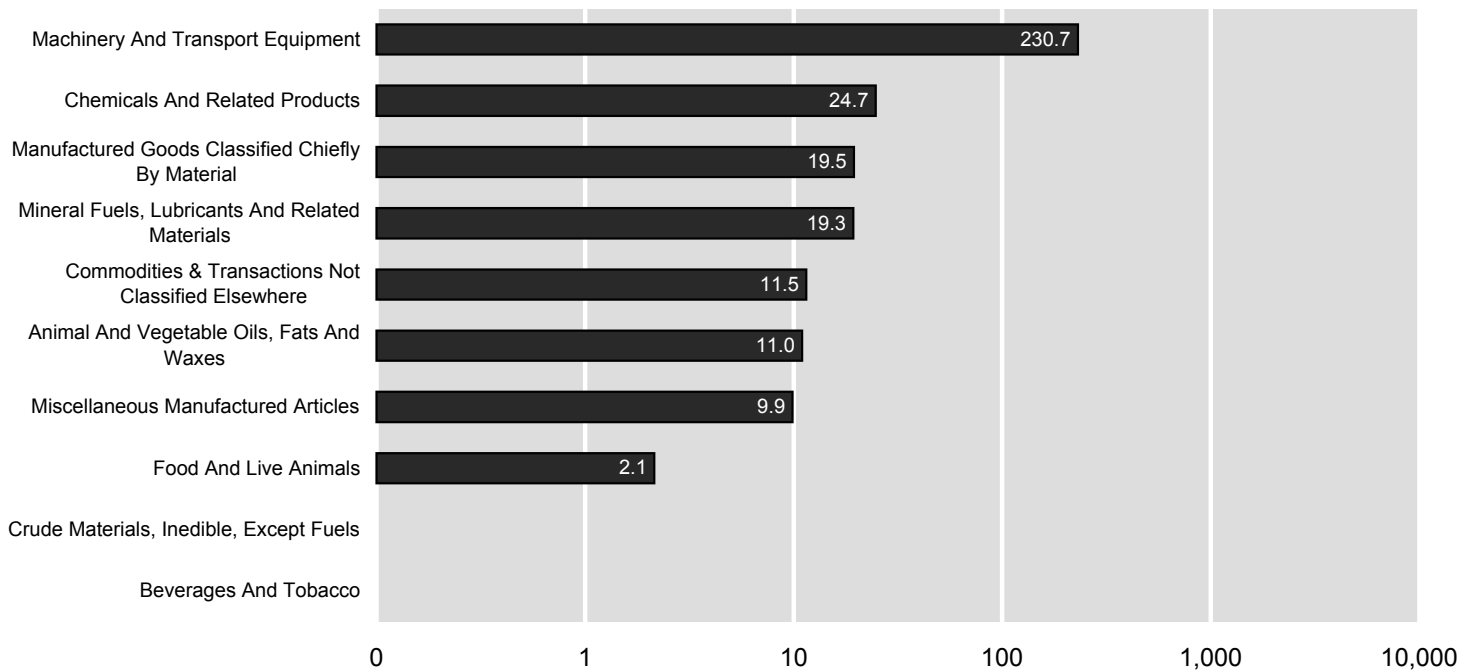
Malta - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Malta	Malta in U.S.
Foreign Direct Investment* (2007)	0.3	-
Total Assets of Affiliates	1.5	-
Foreign Affiliate Sales	-	-
Value Added of Affiliates	0.1	-
Affiliate Employees	1,200	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Trade between the two countries remains rather small. U.S. imports from Malta totaled \$330 million in 2007 and were primarily concentrated in electronic machinery and other manufactured items. Malta's imports from the U.S. totalled \$170 million in 2007, 4% of total imports and rising to 14.4% ex. intra-EU imports.

Top Ten U.S. Imports from Malta, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Netherlands & the United States Investment and Trade Figures

Investment

Investment between the U.S. and the Netherlands is slightly skewed toward the latter, with America's investment stake in the Netherlands totaling \$370.2 billion in 2007, versus \$209.4 billion of Dutch investment in the U.S. The U.S. is a prime foreign destination for Dutch firms, who recorded \$314.8 billion in affiliate sales in the U.S. during 2006. The employment balance favors the U.S. by more than 200,000 jobs, a smaller margin than previous years, though still a substantial gap.

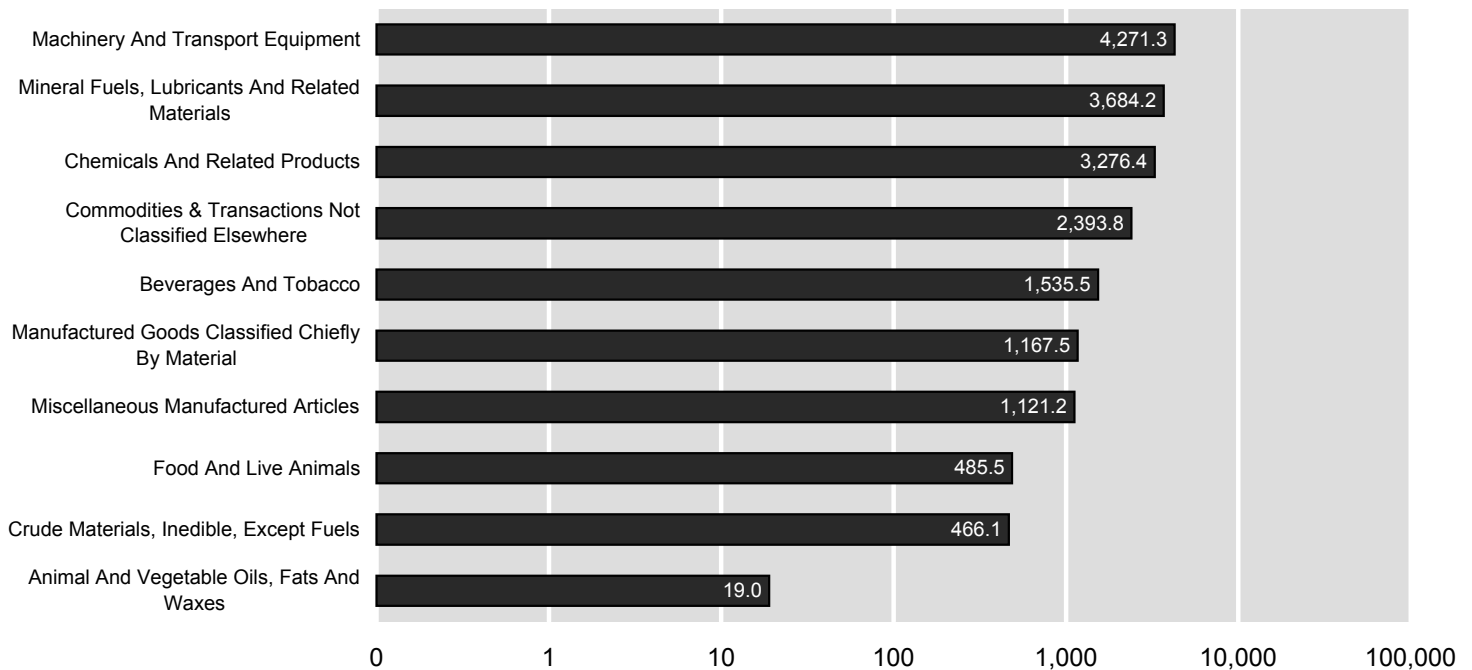
Netherlands - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Netherlands	Netherlands in U.S.
Foreign Direct Investment* (2007)	370.2	209.4
Total Assets of Affiliates	953.6	724.4
Foreign Affiliate Sales	166.4	314.8
Value Added of Affiliates	26.6	45.8
Affiliate Employees	213,000	445,200

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. has accounted for 4.3% of total exports from the Netherlands since the beginning of this decade, but a share of 19.3% of total exports when intra-EU trade is excluded, down from 23% in 2000. Top exports were diversified across several capital-intensive industries. Regarding imports, the U.S. supplied 7.3% of total imports by the Netherlands in 2007, although the share rises to 14.6% after accounting for intra-EU trade.

Top Ten U.S. Imports from Netherlands, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Norway & the United States Investment and Trade Figures

Investment

The investment balance favors Norway, with U.S. investment totaling \$11.7 billion in 2006 versus \$8.0 billion of U.S. investment in Norway. U.S. assets in Norway were nearly five times larger than Norway's assets in the United States. The employment balance favors Norway, with U.S. foreign affiliates employing 30,500 Norwegian workers in 2006.

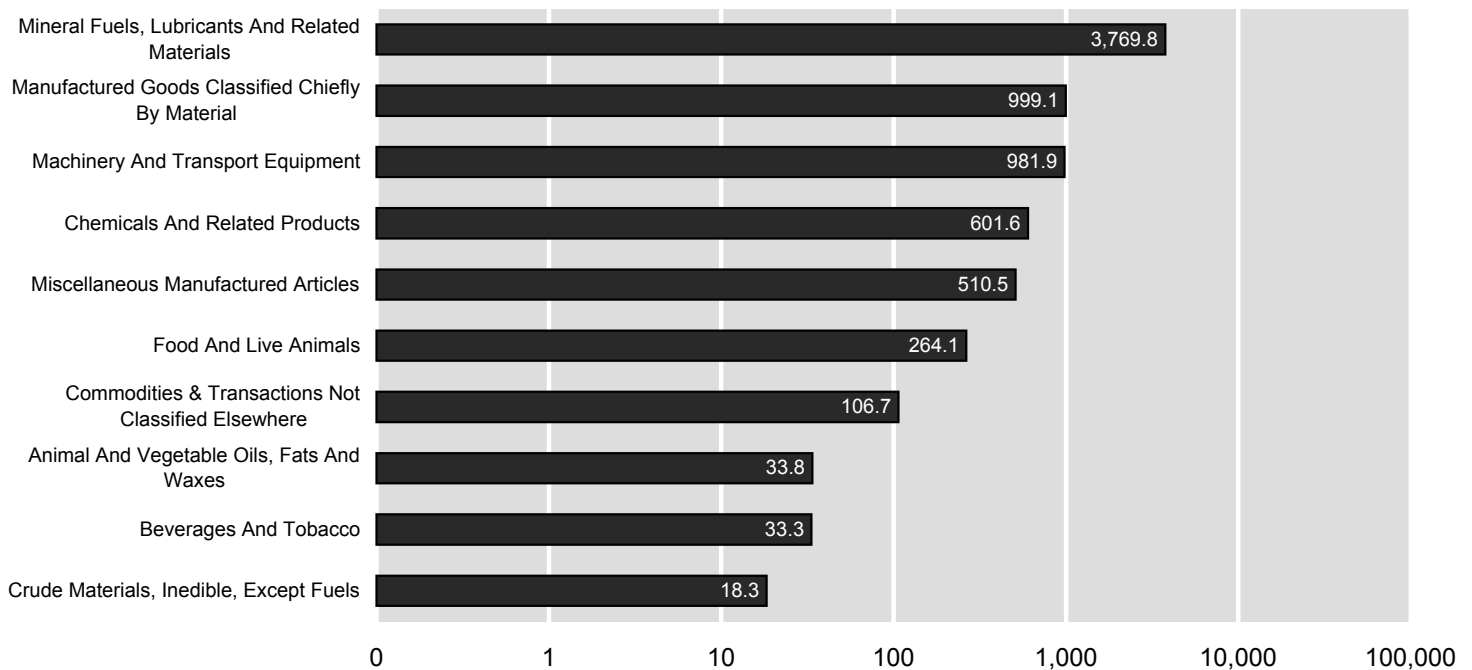
Norway - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Norway	Norway in U.S.
Foreign Direct Investment* (2007)	11.7	8.0
Total Assets of Affiliates	53.1	13.4
Foreign Affiliate Sales	36.8	11.8
Value Added of Affiliates	14.2	0.2
Affiliate Employees	30,500	7,800

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Norwegian exports to the U.S. totaled \$8.4 billion in 2007, and were heavily skewed toward mineral fuels (i.e. petroleum products). The U.S. accounted for just 6.2% of total Norwegian exports, but nearly 32% when Norway's trade with the EU flows are excluded. Imports from the U.S. into Norway totaled nearly \$4 billion—that equates to 4.8% of total Norwegian imports or 15.3% excluding Norway's trade with the EU.

Top Ten U.S. Imports from Norway, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Poland & the United States Investment and Trade Figures

Investment

As one of the largest markets in Central Europe, Poland has attracted significant sums of market-seeking U.S. foreign direct investment. At \$21.5 billion, the U.S. asset base in Poland is larger than America's asset base in small developed nations like Finland or Greece. The U.S. affiliate work force of 109,800 workers is the largest among EU12 countries. Polish affiliates in the U.S. have yet to make significant investments in the country.

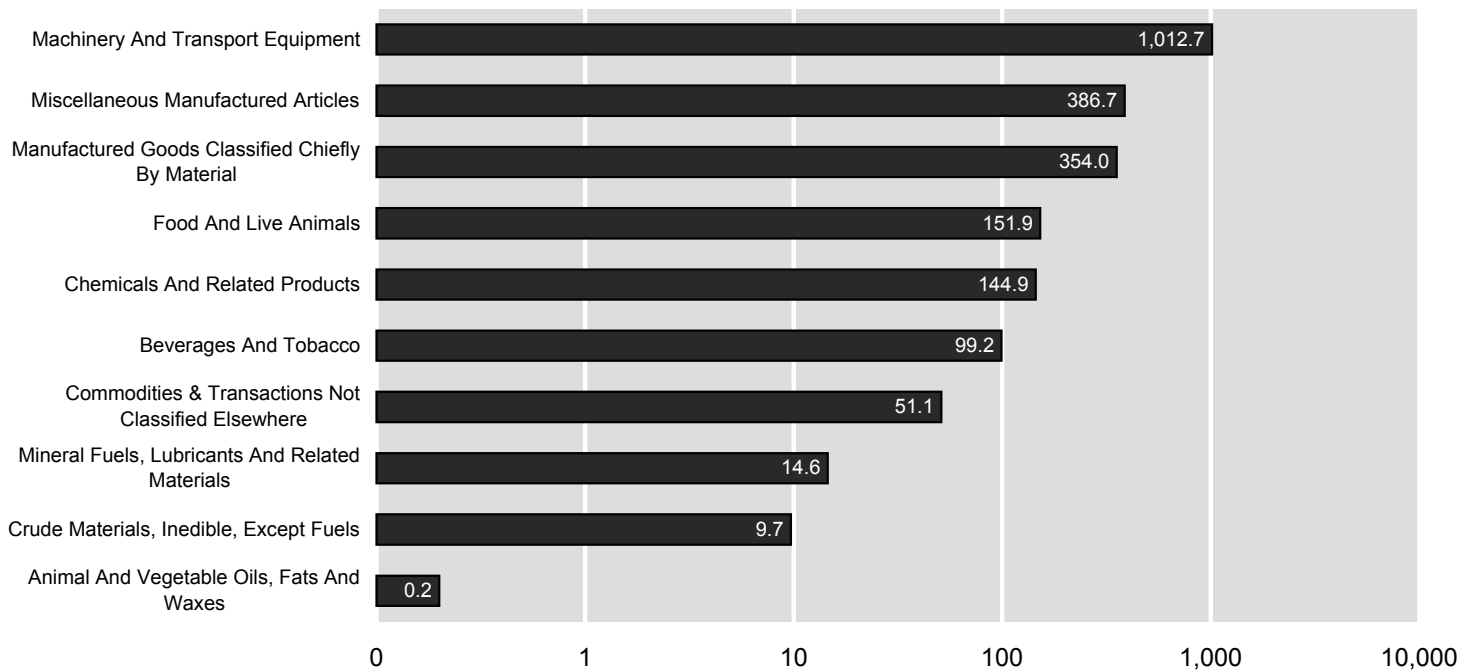
Poland - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Poland	Poland in U.S.
Foreign Direct Investment* (2007)	8.3	-
Total Assets of Affiliates	21.5	0.01
Foreign Affiliate Sales	23.4	-
Value Added of Affiliates	6.4	0.002
Affiliate Employees	109,800	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Poland have increased sharply over the past few years, clearing \$2 billion in 2007 from just \$700 million in 1997. Imports run the gamut - from heavy machinery, to electronic goods, to agricultural products. U.S. exports to Poland totaled \$2.1 billion in 2007, a share of 1.3% and rising to 4.7% ex. intra-EU trade.

Top Ten U.S. Imports from Poland, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Portugal & the United States Investment and Trade Figures

Investment

U.S. investment in Portugal totaled \$3.7 billion in 2006, largely concentrated in wholesale trade, while U.S. affiliates employed 29,600 Portuguese workers.

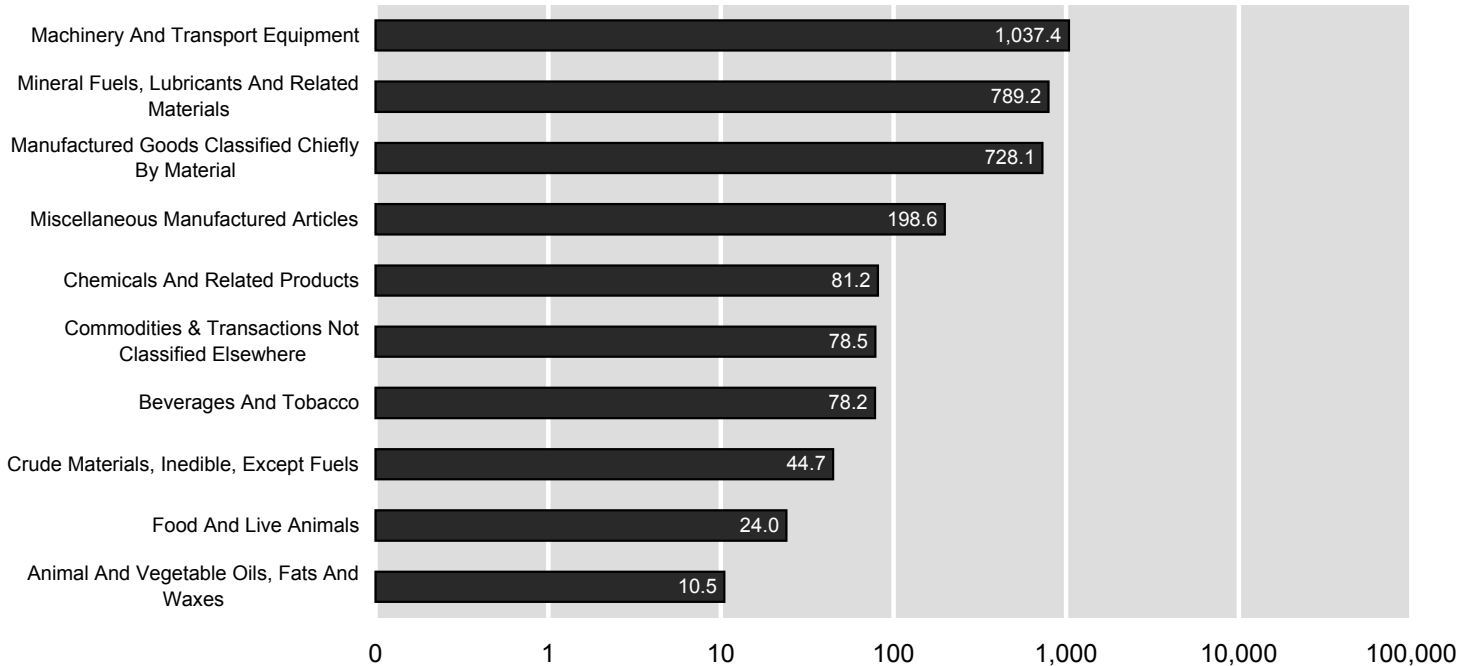
Portugal - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Portugal	Portugal in U.S.
Foreign Direct Investment* (2007)	3.7	0.1
Total Assets of Affiliates	35.0	-
Foreign Affiliate Sales	10.6	-
Value Added of Affiliates	4.2	-
Affiliate Employees	29,600	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Portuguese exports to the U.S. totaled \$2.5 billion in 2007, while imports from the U.S. amounted to \$1.3 billion. The U.S. accounted for 4.8% of total exports but a hefty 18.2% share of Portugal's exports excluding intra-EU exports. Portuguese imports from the U.S. were 2% of total imports from the world in 2007 and 6.1% ex. intra-EU imports, down from an average of 13% in the 1990s.

Top Ten U.S. Imports from Portugal, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Romania & the United States Investment and Trade Figures

Investment

America's asset base in Romania is rather small, with assets totaling just \$3.5 billion in 2006. However, with Romania's inclusion into the EU, more U.S. firms are expected to increase their presence in Romania - albeit modestly - over the medium-term. U.S. affiliates employed 29,700 employees in 2006, placing Romania 5th among the EU12 countries in terms of jobs supported.

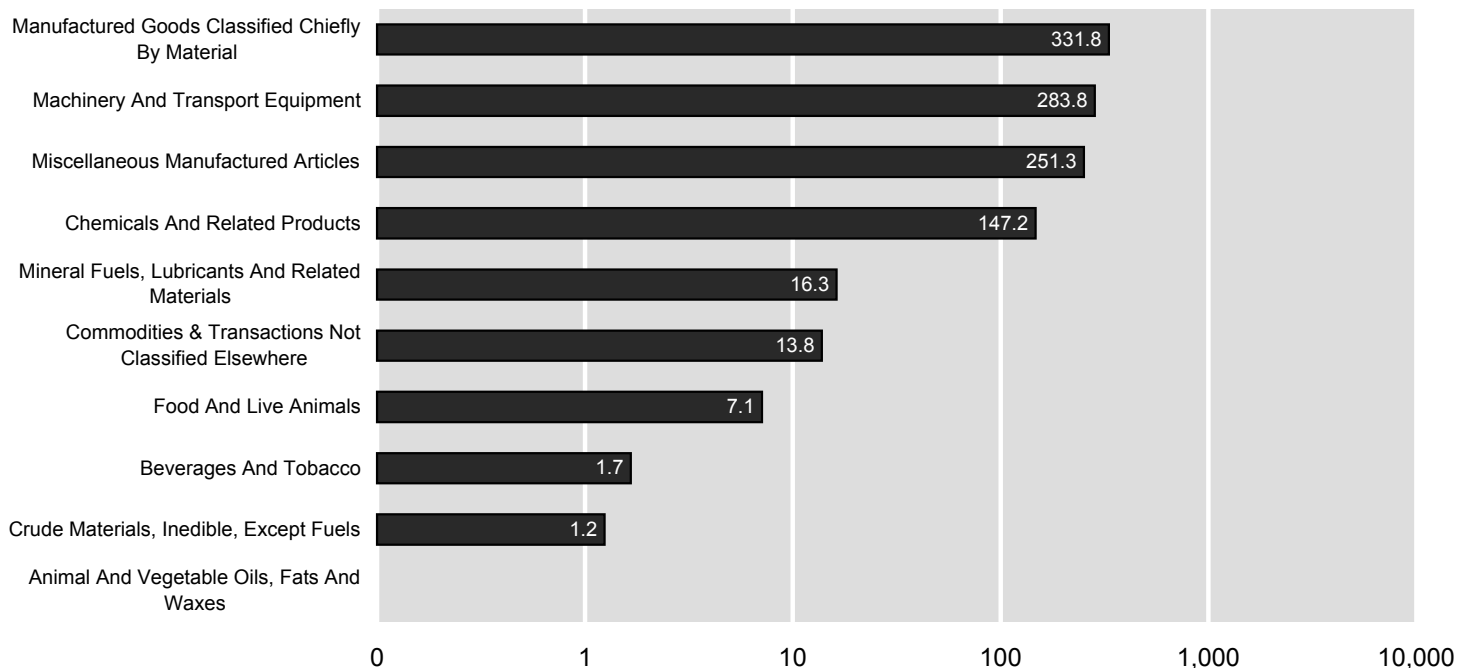
Romania - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Romania	Romania in U.S.
Foreign Direct Investment* (2007)	1.2	-
Total Assets of Affiliates	3.5	-
Foreign Affiliate Sales	2.9	-
Value Added of Affiliates	1.1	-
Affiliate Employees	29,700	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Romania totaled \$800 million in 2007, a gradual rise from the levels of the late 1990s but off from a peak of \$1 billion in 2005. Imports included a variety of manufactured goods. The U.S. is a rather small supplier to Romania, with the U.S. accounting for just 1.3% of the nation's total imports and 4.5% ex. intra-EU trade.

Top Ten U.S. Imports from Romania, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Slovakia & the United States Investment and Trade Figures

Investment

America's asset base in Slovakia is small but expanding — total assets of U.S. affiliates in 2007 amounted to \$5.6 billion, while foreign affiliate sales reached \$6.3 billion. Centered in the heart of eastern Europe, the nation is well positioned to capture U.S. investment in distribution, transportation, wholesale trade and other service-like activities. U.S. affiliates employed 35,500 workers in 2006, among the largest work forces in eastern Europe.

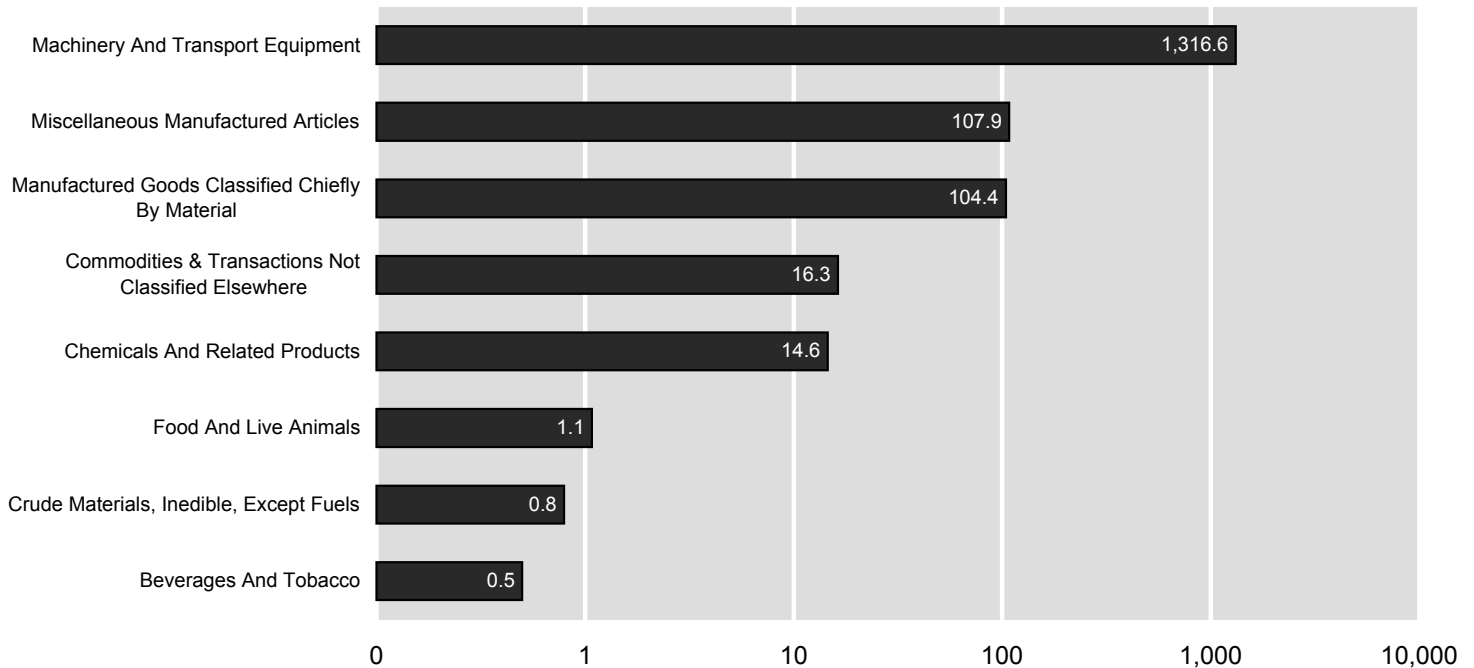
Slovakia - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Slovakia	Slovakia in U.S.
Foreign Direct Investment* (2007)	0.6	-
Total Assets of Affiliates	5.6	-
Foreign Affiliate Sales	6.3	-
Value Added of Affiliates	2.0	-
Affiliate Employees	35,500	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Slovakia have surged, rising to over \$1.4 billion in 2007 from levels under \$200 million in the late 1990s. Accounting for the surge has been rising motor vehicle imports from foreign affiliates producing in the country. Other imports include nuclear reactors, footwear and rubber. Imports have risen gradually as well hitting \$540 million in 2007, 3.4% of total imports ex. intra-EU trade.

Top Ten U.S. Imports from Slovakia, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Slovenia & the United States Investment and Trade Figures

Investment

Slovenia has experienced a gradual rise in U.S. foreign investment over the past few years. Total assets of affiliates amounted to \$800 million in 2006, double the amount invested in 2000. The country is expected to emerge as a bridge to the Balkan states over the next decade.

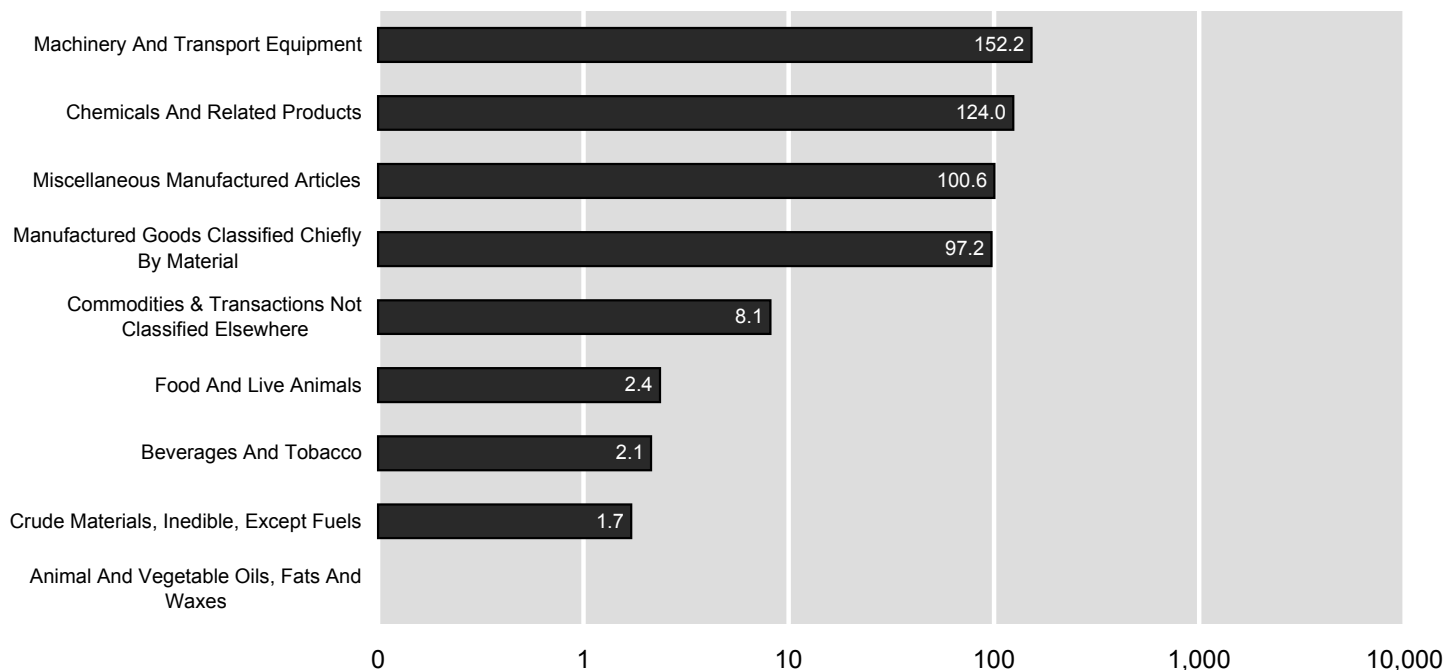
Slovenia - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Slovenia	Slovenia in U.S.
Foreign Direct Investment* (2007)	0.2	-
Total Assets of Affiliates	0.8	-
Foreign Affiliate Sales	1.1	-
Value Added of Affiliates	0.4	-
Affiliate Employees	5,000	-

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

U.S. imports from Slovenia have grown steadily since the late 1990s, totaling \$460 million in 2007. Imports included machinery, chemicals, furniture and glassware. Slovenia imported only 1.4% of their total imports from the U.S. or 4.5% ex. intra-EU trade in 2007.

Top Ten U.S. Imports from Slovenia, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Spain & the United States Investment and Trade Figures

Investment

The investment balance favored Spain in 2007, with U.S. investment in Spain (\$55.9 billion) double the size of total Spanish investment in the U.S. (\$27.6 billion). The U.S., originally not a strategic priority to Spanish firms, received five times more investment in 2007 from Spain than it did in 2004. The majority of 2007 investments were made in depository institutions. The employment balance is heavily skewed in favor of Spain.

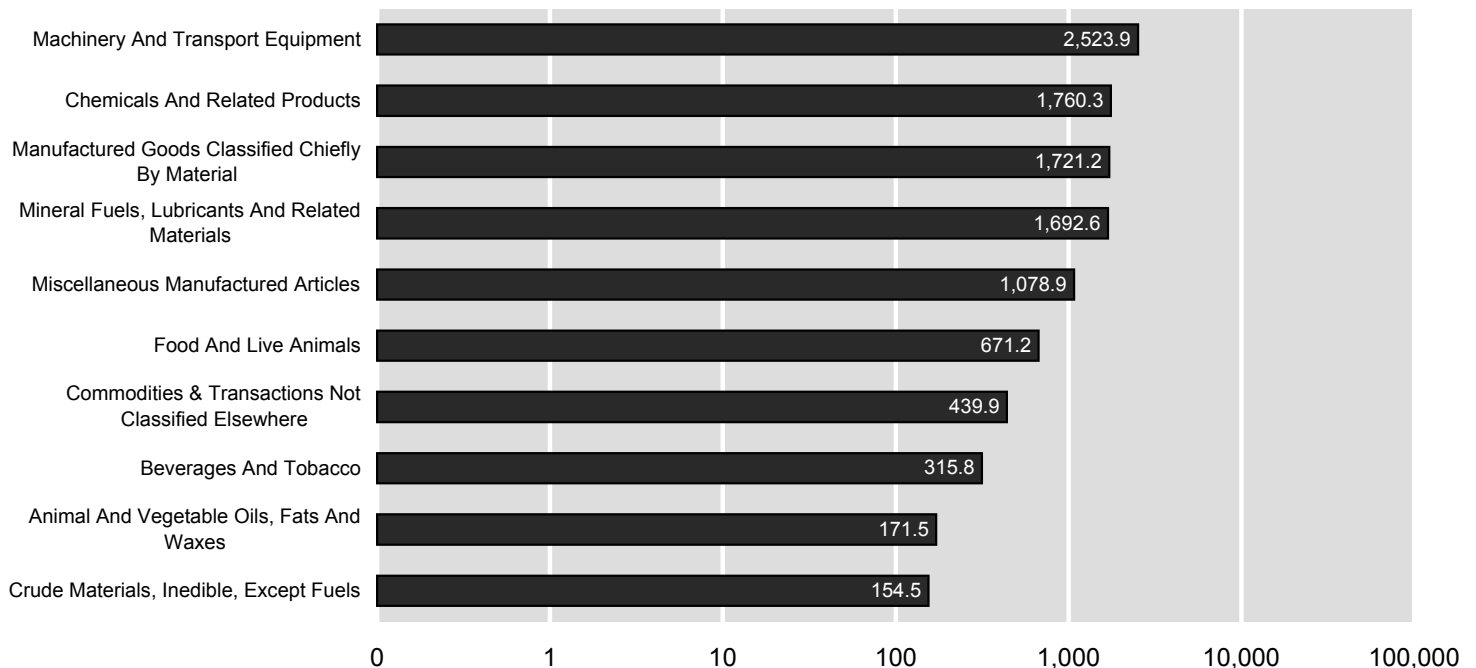
Spain - U.S. Global Linkages, 2006		
	(\$ billions)	
	U.S. in Spain	Spain in U.S.
Foreign Direct Investment* (2007)	55.9	27.6
Total Assets of Affiliates	145.5	56.5
Foreign Affiliate Sales	80.1	10.4
Value Added of Affiliates	17.6	2.3
Affiliate Employees	191,300	36,400

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. received \$10 billion worth of goods, or just 4.2% of total exports from Spain in 2007, but a share of 13.6% of total exports when intra-EU trade is excluded. Regarding imports, the U.S. supplied only 3.1% of total imports by Spain in 2007, although the share rises to 7.8% after accounting for intra-EU trade.

Top Ten U.S. Imports from Spain, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Sweden & the United States Investment and Trade Figures

Investment

The investment balance slightly favors Sweden, with American investment in the Nordic country totaling \$36.4 billion, while Swedish firms invested \$31.9 billion in the U.S. in 2007. The asset base of U.S. affiliates in Sweden is more than three times greater than the \$31.5 billion Swedish affiliates held in the U.S. The employment balance is heavily in favor of the United States.

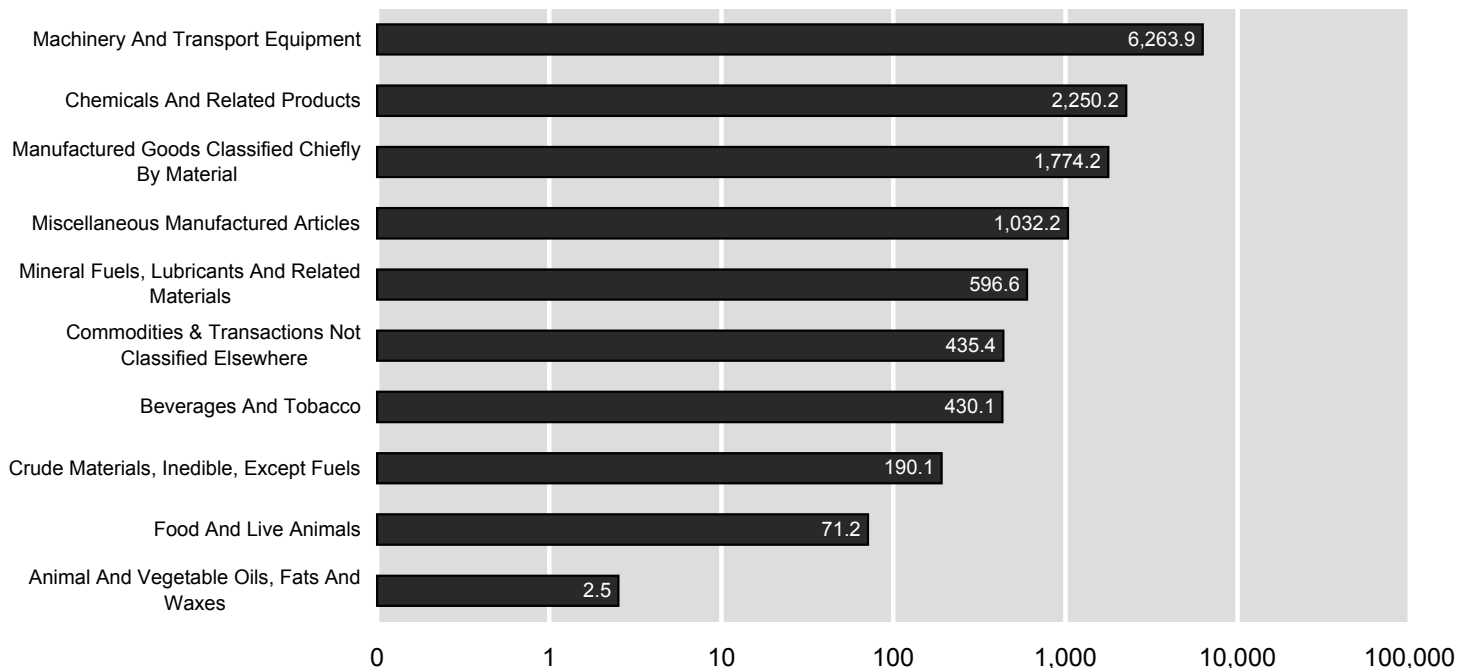
Sweden - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Sweden	Sweden in U.S.
Foreign Direct Investment* (2007)	36.4	31.9
Total Assets of Affiliates	113.4	31.5
Foreign Affiliate Sales	52.1	43.3
Value Added of Affiliates	10.1	11.2
Affiliate Employees	103,900	179,400

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

The U.S. is a fairly large export market for Sweden, with exports to the U.S. (\$12.8 billion in 2007) accounting for 7.6% of Sweden's global total and 19.2% of the total ex. intra-EU trade. Swedish imports of \$4.7 billion from the U.S. accounting for 3.1% of Sweden's total imports in 2007, although the share rises to 10.6% ex. intra-EU imports.

Top Ten U.S. Imports from Sweden, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Switzerland & the United States Investment and Trade Figures

Investment

The investment balance favors the U.S.— investment in Switzerland totaled \$127.7 billion in 2007 versus \$155.7 billion of Swiss investment in the U.S. Switzerland has one of the largest asset bases in the U.S. of any nation at \$1.4 trillion (mainly in services like insurance and financial services) was roughly four times that of U.S. affiliates in Switzerland. The employment balance significantly favors the United States.

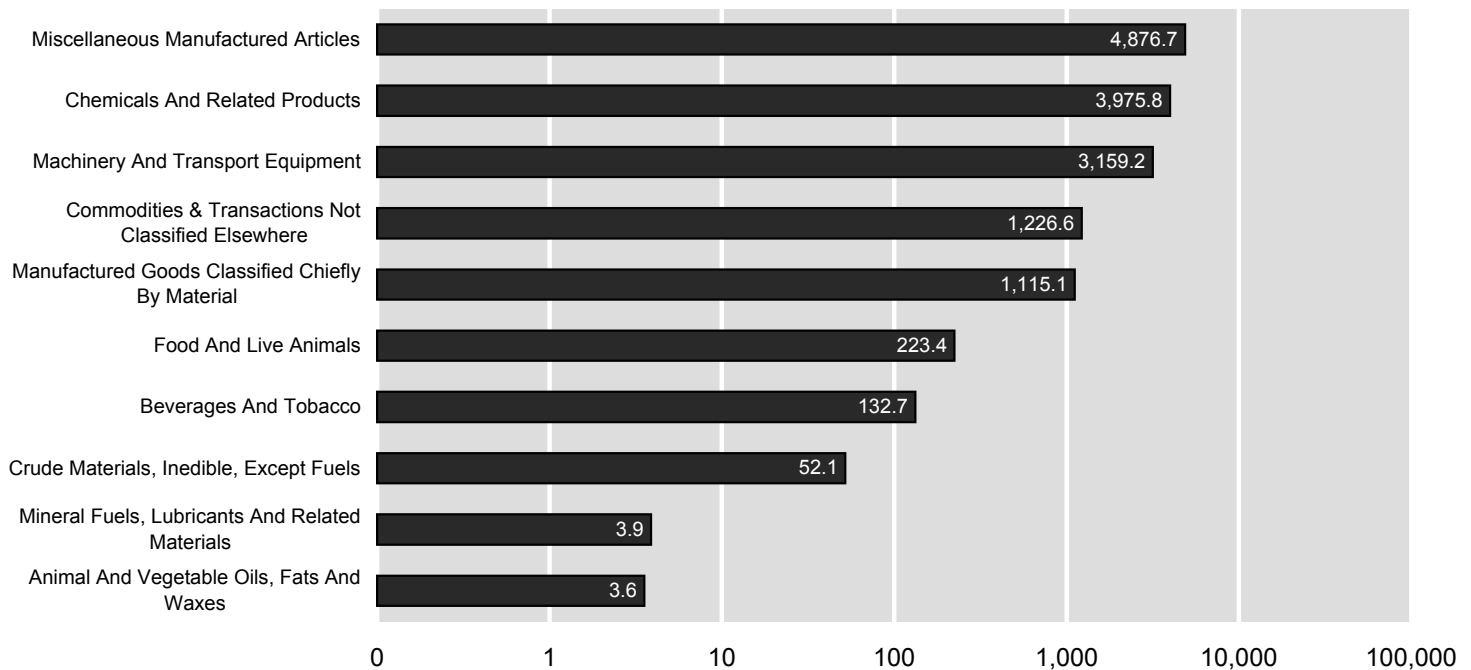
Switzerland - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in Switzerland	Switzerland in U.S.
Foreign Direct Investment* (2007)	127.7	155.7
Total Assets of Affiliates	386.9	1,404.2
Foreign Affiliate Sales	184.7	176.8
Value Added of Affiliates	22.7	50.1
Affiliate Employees	76,100	416,100

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Swiss exports to the U.S. totaled \$16.8 billion in 2007, representing nearly 10% of all Swiss exports, and 25.3% when taken as a share of exports to regions outside the EU. In the same year, Switzerland imported American goods worth \$9.3 billion, approximately 5.8% of the global total, yet when imports from the EU were excluded, U.S. goods comprised 28% of Swiss imports.

Top Ten U.S. Imports from Switzerland, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

United Kingdom & the United States Investment and Trade Figures

Investment

The U.S.-U.K. investment balance is fairly even, however the U.K. had a slightly larger presence in the U.S. in 2007. Value added by American and British affiliates totaled \$154.8 billion and \$120.3 billion, respectively. U.S. foreign affiliate sales in the United Kingdom totaled \$555.1 billion, the largest country total in the world. Although down from peak levels reached at the beginning of the decade, British affiliates employed over 1 million Americans in 2006, while American affiliates employed over 900,000 workers in the U.K.

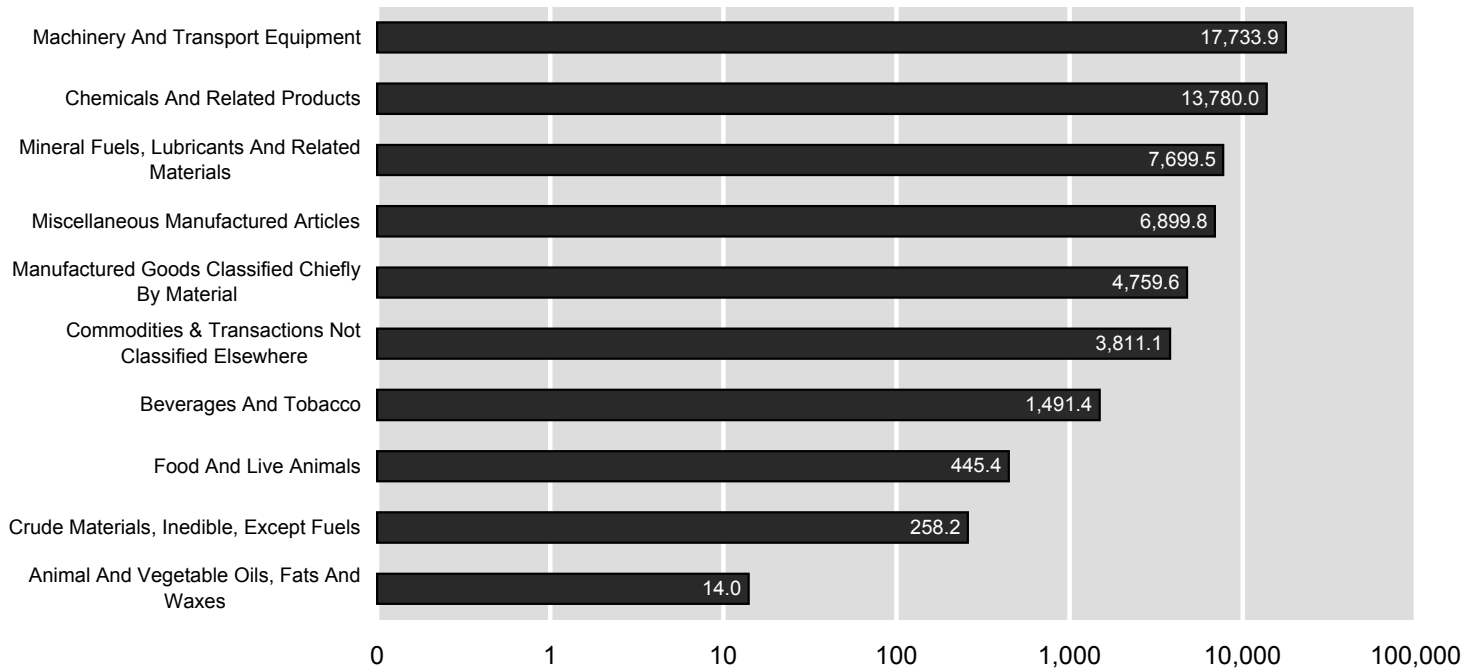
United Kingdom - U.S. Global Linkages, 2006		
(\$ billions)		
	U.S. in United Kingdom	United Kingdom in U.S.
Foreign Direct Investment* (2007)	398.8	410.8
Total Assets of Affiliates	2,778.7	1,174.0
Foreign Affiliate Sales	555.1	403.1
Value Added of Affiliates	154.8	120.3
Affiliate Employees	1,191,300	908,800

*Based on a historic-cost basis, data for 2007; all data for majority-owned affiliates

Trade

Bilateral trade flows are strong between the United Kingdom and the United States. Exports to the U.S. totaled \$62.7 billion in 2007, some 14% of total exports from United Kingdom and 33% when intra-EU exports are excluded from the global sum. Top exports to the U.S. include heavy machinery and chemical products. The U.S. was similarly a key supplier to the United Kingdom in 2007, with nearly \$54 billion in imports from the U.S. accounting for 8.6% of imports from the world and 18.5% ex. intra-EU trade.

Top Ten U.S. Imports from United Kingdom, 2007 (in \$ millions)



Source: Bureau of Economic Analysis, International Monetary Fund; Office of Trade and Industry Information

Notes on Data and Sources

Employment, Investment and Trade Linkages for the 50 U.S. States and Europe

Data for investment as well as investment-related jobs are from the U.S. Commerce Department's Bureau of Economic Analysis. Investment data measure gross property, plant, and equipment of affiliates. Trade data are from the International Trade Administration's Office of Trade and Industry Information at the U.S. Commerce Department. The top ten exports to Europe bar chart employs a logarithmic scale to facilitate cross state comparisons. In the charts we use the term Transatlantic Economy -- this encompasses data for the EU27+ Norway+ Switzerland and the U.S. In charts where we use Europe (e.g. European sales), we include the EU 27 plus Albania, Andorra, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Gibraltar, Iceland, Kazakhstan, Liechtenstein, Macedonia, Moldova, Montenegro, Norway, Russia, Serbia, Switzerland, Turkey, Turkmenistan, Ukraine and Uzbekistan.

Investment and Trade for the EU 27, Norway and Switzerland and the U.S.

Investment data are from the Bureau of Economic Analysis. Trade data are from the IMF Trade Statistics. Data for the top ten U.S. imports bar charts are from the Office of Trade and Industry Information of the International Trade Administration. They employ logarithmic scales to facilitate cross-country comparisons.

About the Authors

Daniel S. Hamilton and **Joseph P. Quinlan** have produced a series of award-winning books and articles on globalization and developed economies, including *Globalization and Europe: Prospering in the New Whirled Order* (2008); *Germany and Globalization* (2008); *France and Globalization* (2008); *The Transatlantic Economy 2008*; *Sleeping Giant: Awakening the Transatlantic Services Economy* (2007); *Protecting Our Prosperity: Ensuring Both National Security and the Benefits of Foreign Investment in the United States* (2006); *Deep Integration: How Transatlantic Markets are Leading Globalization* (2005); and *Partners in Prosperity: The Changing Geography of the Transatlantic Economy* (2004). Together they received the 2007 Transatlantic Leadership Award from the European-American Chamber of Commerce and the 2006 Transatlantic Business Award from the American Chamber of Commerce to the EU.

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